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TODAY:
Quarterly Scoreboard Page 15

King Hussein's Long Reign Draws to a Close

Monarch Is Clinically Dead; Family Deciding on Last Step

By Lee Hockstader
Washington Post Service

AMMAN, Jordan — Wasted by cancer and sustained only by life-support, King Hussein lay dying Friday as a nation that has known no other leader for 46 years braced for his death.

The mood of many Jordanians was as bleak as the skies, which shrouded the city in a cloak of menacing gray clouds and soaked it with a raw, driving rain.

"If King Hussein needs my blood, I'm ready to give him my blood," said Imam Abdu, 52, his voice thick with emotion after he prayed for the monarch at Al Hussein mosque in Amman. "I would give my life to save his. God bless him."

King Hussein, 63, arrived in Amman on Friday morning, his liver and kidney failing after he prayed for the monarch at Al Hussein mosque in Amman. "I would give my life to save his. God bless him."

Carried from the plane on a stretcher, he reached for the hand of his American-born wife, Queen Noor, witnesses reported, and was rushed to the hospital in an ambulance at the head of a heavily guarded 70-vehicle convoy.

Hours later, unnamed officials reported that the king, one of the century's most durable rulers, was clinically dead.

Reuters reported that the king's family was meeting to decide when to shut off the equipment that kept him breathing.

The Jordanian government insisted he remained under intensive treatment, his situation critical.

Queen Noor was at her husband's bedside at the King Hussein Medical Center in Amman, as were many other members of his large family, including his eldest son and heir, Prince Abdullah, and his brother, Prince Hassan.

As the supreme authority in this country for nearly half a century, the king was a master of grand and deft public gestures.

Last month, after six months of cancer treatment in the United States, he showed that he retained his touch when he returned to a hero's welcome, promptly dismissed his designated suc-

cessor of 34 years, Prince Hassan, and replaced him with the politically untested Prince Abdullah.

But on Friday he came home without pomp, clinging to life. His countrymen spent the Muslim day of rest awaiting news of his condition and state-run television broadcast solemn prayers to his extraordinarily eventful reign.

There was footage of the grinning teenage monarch shaking hands with President Dwight Eisenhower soon after he ascended to the throne in 1952.

And there was footage of the king looking gaunt and hairless, but still grinning, last October when he attended the White House signing ceremony of the latest Middle East peace deal between Israelis and Palestinians.

"There is nervousness, and something we can call fear for the future," said Amjad Zoubi, 28, a teacher who prayed for the monarch's life at Amman's central mosque.

Across Jordan, the atmosphere was somber. Some people cried. Others took offense when foreign journalists asked what would become of the kingdom following the king's demise. One well-to-do woman in her 30s stopped wearing cosmetics as a gesture of respect and sadness.

The grief was heartfelt and common, but not universal. More than half Jordan's population is Palestinian, and they remember the king's bloody crackdown against the Palestine Liberation Organization in 1970, which led to the organization's expulsion.

Near Amman's main mosque, one young man who was asked about the king glanced around furtively and gave a curt response. "I am happy the king is dying." He then walked away quickly.

Supportive Words

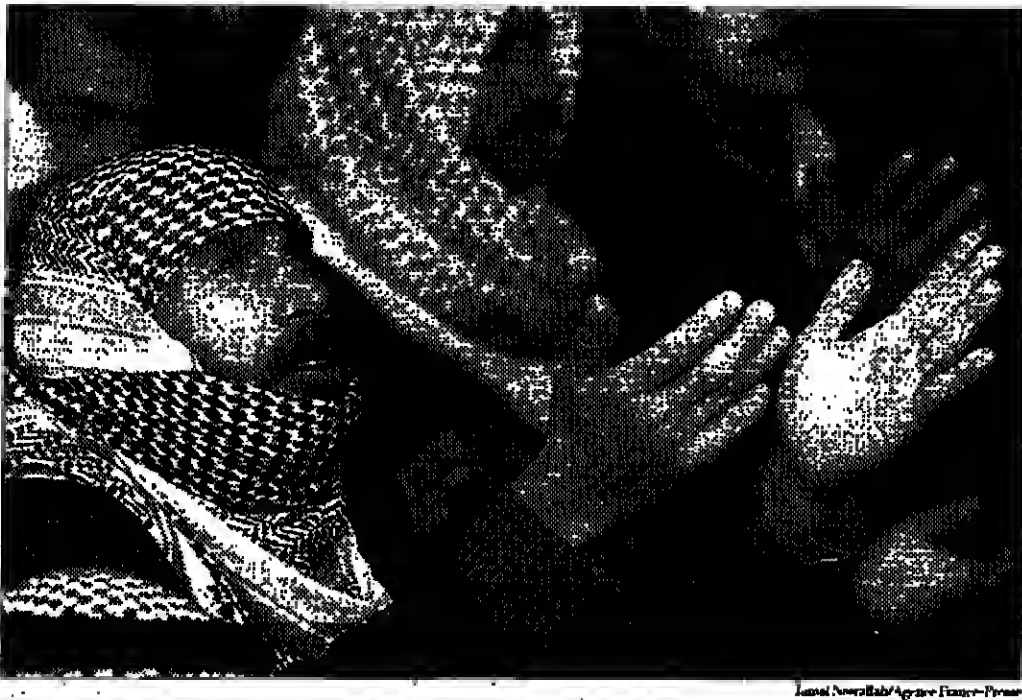
Voices of support for the king resounded around the Middle East on Friday. The Associated Press reported from Cairo.

Attending an international conference in Germany, the Palestinian leader, Yasser Arafat, said, "We know

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Women weeping Friday outside the King Hussein Medical Center in Amman, where the Jordanian monarch was hospitalized on the verge of death, as men prayed for him at a mosque.



Local News/Staff/Agence France-Press

As Iranians Mark 1979 Revolution, Many Ask Why

By Douglas Jehl
New York Times Service

TEHRAN — These are the "days of dawn," the 10 beady days that brought Ayatollah Ruhollah Khomeini back from exile, saw the collapse of Shah Mohammed Reza Pahlavi's regime and are celebrated this week across Iran in observance of the 20th anniversary of the Islamic revolution.

Again and again, state television has replayed grainy footage of Ayatollah Khomeini's arrival from France, as he is escorted step by step down the stairs of an Air France jet. Again and again, reverent tales are retold, like a children's story in which the ayatollah is introduced as "the good imam who rid Iran of the evil shah."

Despite the ingrained lessons of the revolution, a teenage girl asked Ayatollah Khomeini's successor in a televised meeting the other day, "Why did the Islamic revolution take place?"

The question reflects a widening gap between Iranians and the defining event of their country's recent past. More than half of Iran's 68 million people have been born since the events that toppled a king and stunned the world: millions more are barely old enough to remember them.

And the young are not the only ones asking questions. The revolution that put power into the hands of Shiite Muslim clerics enjoyed broad popular support at the time. But today, disillusioned by a generation of experience and emboldened by new political ferment, millions of Iranians from all walks of life feel adrift, regarding the revolution as no longer relevant to today's problems.

In scores of interviews around Iran in the last two months, those were sentiments voiced by clerks, cleaners, farmers, professionals and others in big cities like Tehran and rural areas in the farmland around the northwestern city of Tabriz.

"We were like sheep, following others," one of them, Abil, a 60-year-old farmer wearing striped trousers, a plaid jacket and a shabby black felt hat, said as he recalled the revolution, which he once backed with enthusiasm. "Wherever the shepherd led, we followed."

Sadiq Zibakallani, a political scientist who frequently lectures around the country, said he was encountering a similar sense of confusion. "One of the most common questions that I come across is, 'Where are we going?'" Mr. Zibakallani said. "That reflects the anxiety and helplessness that many Iranians are going through."

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Under Strains, Indonesia Ponders a Federal State

Bid to East Timor Linked to Idea on Local Rule

By Michael Richardson
International Herald Tribune

JAKARTA — An Indonesian proposal to consider independence for East Timor if the disputed territory refuses to accept autonomy is a high-risk strategy that could encourage other restive parts of Indonesia — the world's largest island-nation — to break away or loosen the bonds holding it together, in the view of some analysts and officials in neighboring countries.

Adding to such concerns, the governor of Aceh Province on the island of Sumatra was quoted Friday by the news agency Antara as saying he believed that the best way of ensuring Indonesia's unity was to make it a federal state.

Along with East Timor and Irian Jaya Province, which occupies the western half of New Guinea, Aceh has become a hotbed of separatist agitation since student-led demonstrations in May forced President Suharto to resign.

His departure ended 32 years of highly centralized authoritarian rule, leaving a weak government and disgruntled military to cope with a rising tide of political violence, sectarian killings and lawlessness exacerbated by the worst recession in a generation.

In the latest such clash, the police opened fire as they tried to disperse a crowd that had gathered to listen to a separatist speech by members of the Free Aceh Movement in Ili Cut, 1,530 kilometers (930 miles) northwest of Jakarta.

Village search parties pulled five bodies from a river on Friday, raising the known death toll in the clash to 18, a human-rights group said.

Regional unrest in staunchly Muslim Aceh is rooted in centuries-old resistance to central rule. The governor, Syamsuddin Mahmud, reportedly said that replacing Indonesia's unitary state

with a federal structure would give the provinces more power to protect their culture and control their resources.

In recent years, Aceh and some of the 26 other provinces have voiced increasingly bitter complaints as they watched the central government exploit their oil, gas, minerals and timber but give relatively little back in return.

In an effort to calm these simmering resentments, the government of President B. J. Habibie is planning to give provinces more power over their affairs and more control of their wealth.

Ryass Rasyid, the Home Affairs Ministry's director-general for regional autonomy, said this week that a draft law on decentralization would be submitted to Mr. Habibie soon.

"This law is to democratize local governments, to give them more authority to make decisions in the interest of their community," he said. "We want the local governments to be powerful enough to make decisions on investments and other issues, except in monetary, defense, foreign and judicial policies."

Mr. Rasyid said the draft law would, at the least, double the budget of every province as Jakarta reduced its share of revenues from the regions. "For the resource-rich provinces of Aceh, Irian Jaya, East Kalimantan, South Sumatra and Riau, they will get more, maybe a

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The Dollar			
New York	Friday @ 4 P.M.	previous close	
Euro	1.1263	1.1335	
Pound	1.6333	1.646	
Yen	113.22	112.025	
DM	1.737	1.7255	
FF	5.8256	5.787	
Dollars per pound and per euro			
The Dow			
	Friday close	percent change	
— 0.28	9,304.34	Unch.	
S&P 500			
— 0.08	1,239.40	— 0.73%	
Nasdaq			
— 36.43	2,373.64	— 1.51%	

Board Ousts BMW Chief and His Heir

By John Schmid
International Herald Tribune

FRANKFURT — The maker of BMW autos announced the departures of its two top executives Friday in a rare German boardroom revolt that analysts said was triggered by heavy losses at the company's British Rover auto-making subsidiary.

Persistent problems at Rover forced the exit of Bayerische Motoren Werke AG's chief executive, Bernd Pischetsrieder, 50, and his heir apparent on the company board, Wolfgang Reitzle, 49. The two men were long-time rivals, and both had worked at BMW for more than two decades.

Although Mr. Pischetsrieder's job has been the subject of intense speculation, the development shocked the auto industry because of Mr. Reitzle's reputation as a talented and visionary manager whose skills have been crucial in recent years in polishing BMW's sporty and youthful image.

The shake-up leaves a relatively unknown BMW board member, Joachim Milberg, 56, as the head of Europe's most prestigious automakers.

BMW's supervisory board made the decisions at an extraordinary meeting at its Munich headquarters. In a sign of possible dissent, the meeting lasted into the evening. BMW stock closed Friday at 682 euros (\$770), up 23, on hopes Mr.

Pischetsrieder would be ousted.

In a brief statement, BMW said that both Mr. Pischetsrieder and Mr. Reitzle had resigned without giving reasons. The board meeting had been called to discuss Rover, the company said.

Simultaneous exits by two top executives are virtually unknown in German business.

"It is a very rare situation when board members, especially the chairman, are kicked out when they still have a contract," said Juergen Roethig, an analyst in Frankfurt at B. Metzler & Co. bank.

From the moment Mr. Milberg begins his job, his most pressing task will

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Lewinsky Testimony: 'Managers' Meet Their Match

By Richard A. Serrano
Los Angeles Times Service

WASHINGTON — In her deposition this week for President Bill Clinton's impeachment trial, Monica Lewinsky's feigned defiance with prosecutors over key aspects of the case, referred them again and again to her earlier grand jury testimony and said she thinks Mr. Clinton is "intelligent" and a good president.

"I have mixed feelings" about Mr. Clinton now, Ms. Lewinsky said, according to a transcript of her four-hour deposition released Friday. But she parried further questions about her sentiments, as well as many other subjects, with short and hedged answers, leaving the prosecutors frustrated and without

substantial new evidence in the case.

The Senate voted Thursday not to call Ms. Lewinsky to testify in person. Instead, portions of her videotaped testimony will be used Saturday in arguments by House prosecutors, giving Americans their first opportunity to see her tell parts of her story.

The trial was in recess Friday so that both sides could prepare for the Saturday presentations. Closing arguments will be held Monday, and then deliberations, with a vote expected next Friday or sooner on conviction or acquittal of the president on the articles of impeachment. Republicans and Democrats agree that the 67 votes needed to convict and remove Mr. Clinton are lacking.

In Ms. Lewinsky's deposition on

Monday, after she dodged a question about the early stages of her relationship with Mr. Clinton, Representative Ed Bryant, Republican of Tennessee, and the House prosecutor leading the session, remarked in exasperation: "We're obviously going to have to talk about some things for eight hours here, or else we can go home."

"Sounds good to me," she replied.

Ms. Lewinsky's 170-page deposition and the transcripts of similar sessions with Vernon Jordan Jr., a friend of the president, and Sidney Blumenthal, a White House aide, make clear that the prosecutors managed to coax some details and interesting rhetorical exchanges from the three but fell far short of the kind of bombshell needed to

deflect the impeachment process from an expected acquittal vote.

At the same time, the witnesses did not back away from previous accounts that are troublesome for Mr. Clinton or other figures in the case.

Ms. Lewinsky again suggested that Mr. Jordan seemed to know that she and the president had an intimate relationship when Mr. Jordan was trying to find her a job in New York. At one point she recounted that Mr. Jordan had told her: "Your problem is, and don't deny it, you're in love with him."

Mr. Jordan has denied telling her that, but Ms. Lewinsky recalled it during the deposition at the Mayflower Hotel in the

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Serbs Bar 2 Kosovo Delegates at Airport

Compiled by Our Staff From Dispatches

PRISTINA, Yugoslavia — Serbian authorities refused to let some members of a Kosovo Albanian delegation fly to France on Friday for peace talks because they lacked passports.

The other ethnic Albanians refused to go without their colleagues, putting in jeopardy the scheduled Saturday start of negotiations at a chateau outside Paris.

A French envoy, Jacques Hantzinger, said the Serbs would not allow rebel representatives to enter the Pristina airport when they learned two of them did not have passports.

In addition, it was reported the Serbs would not allow four members of the Kosovo Liberation Organization to enter the airport.

In Paris, the chief Serbian negotiator threatened to derail the talks before they began, saying he would not bold dis-

cussions with "terrorists," a reference to the Kosovo Liberation Army.

Deputy Prime Minister Ratko Markovic said that his delegation would not talk to KLA representatives directly or through the three international mediators set to oversee the talks.

"The West cannot force one state to negotiate with terrorists," he said. "We are ready to face the consequences."

Mr. Markovic said Belgrade was ready to talk with the moderate ethnic Albanian leader, Ibrahim Rugova, saying: "We accept Dr. Rugova as a negotiating partner. He is the leader of the big ethnic Albanian party and he is the right person to negotiate with."

The six-power Contact Group on the former Yugoslavia has given the warring sides seven days to hammer out a pact, and less than a week after that to finalize the details.

If they fail, NATO has threatened punitive air strikes and other sanctions to end a conflict that diplomats say could engulf other parts of the Balkans and southeastern Europe.

Christopher Hill, the special U.S. envoy for Kosovo, said at a briefing in Paris it was essential that the Kosovo members be allowed to attend the talks in France.

"We think it is absolutely critical that the entire delegation gets to Paris," he said. "We will insist that this be the case. We would expect that they would leave this evening."

Diplomats stressed that the sponsoring group, the Organization for Security and Cooperation in Europe, would not have undertaken the travel mission without approval from Belgrade.

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AGENDA

New Jobs Keep U.S. Economy Humming

The U.S. unemployment rate was unchanged in January, at 4.3 percent, the government reported Friday, as the economy added 245,000 new jobs.

The job growth was greater than economists had predicted and was another sign that the economic expansion was on track to continue in the months ahead.

Job gains accelerated to an average of more than 273,000 in the past three months, government figures showed, up from an average of 219,000 in the previous three months.

The percentage of the U.S. population holding jobs increased to a record 67.4 percent in January, which Michael Englund, chief economist at Standard & Poor's MMS unit, called another big lift for the economy.

Based on the report, Mr. Englund increased his forecast for first-quarter growth to a 2.8 percent annual rate from 2.5 percent. "Americans have jobs and they're going to keep spending," he said.

The job gains in January were led by services, engineering and management services continued their strong growth, but there were fewer jobs in manufacturing, Page 9.

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Newstand Prices

Bahrain	1,000 BD	Mexico	55 c
Cyprus	£ 1.00	Nigeria	1200 Naira
Denmark	17 DKr	Oman	1,250 OR
Finland	12.00 FM	Qatar	10.00 QR
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Allied Strikes Force Saddam To Regroup

By Paul Richter
and Robin Wright
Los Angeles Times Service

WASHINGTON — President Saddam Hussein of Iraq has begun withdrawing air-defense batteries, artillery, troops and other matériel from his country's northern and southern "no-flight" zones in the face of steady strikes by American and British warplanes, according to U.S. officials.

Although the withdrawals may be temporary, U.S. officials pointed to the regrouping as evidence of the effectiveness of a six-week campaign in which allied warplanes have inflicted substantial damage on Iraqi air defenses without losing any aircraft or pilots.

Some American officials speculate that Mr. Saddam may be changing his strategy out of fear that the seemingly one-sided fight could demoralize the armed forces that are the foundation of his strength. "He's been demonstrating to his constituencies his weakness, not his strength," a senior Clinton administration official said.

Mr. Saddam has been challenging jets patrolling the Western-imposed no-flight zones since mid-December, after intensive U.S.-British airstrikes on his country. Iraqi fighter planes have repeatedly flown into the proscribed zones and occasionally fired at allied warplanes. Another aircraft missile batteries have "locked" their radar on the U.S. and British jets, often a prelude to an attack.

In response, the allied air armada has struck about 40 surface-to-air missile batteries, knocking out roughly 20 percent of Mr. Saddam's long-range SAM installations, according to U.S. defense officials.

By that reckoning, the intermittent skirmishing has been more punishing than Operation Desert Fox, the December assault that targeted 34 air-defense batteries and struck about two-thirds of them.

It is next to impossible to assess how many casualties the Iraqis have suffered in the course of the air-defense strikes, but analysts say troops and crews often work near the equipment.

The limitations of Mr. Saddam's air-defense equipment and personnel have been underscored over the past couple of years by the Iraqi military's failure to counter air raids by neighboring Iran's antiquated air force against opposition groups based inside Iraq.

"These should have been easy to stop, but Iraq couldn't," said Kenneth Pollack, an Iraq expert at the National Defense University in Washington. "Saddam has seen his air-defense forces diminish dramatically, so at some point he calculated that he's going to have to rebuild the entire air-defense system."



SHARING A LAUGH — Prime Minister Antonio Guterres of Portugal, left, welcoming President Jacques Chirac of France to a meeting in Lisbon on Friday. Mr. Chirac was on a two-day official visit to Portugal.

German Citizenship Plan: Million Foes

Reuters

BONN — The conservative opposition said Friday that it had collected more than 1 million signatures against the government's plans to reform Germany's strict citizenship laws.

Eager to turn the emotive issue of granting foreigners citizenship into a referendum on Chancellor Gerhard Schröder's new center-left govern-

ment, the Christian Democrats said the campaign had improved their chances in a state election Sunday.

"We have more than a million signatures and that shows how massive the resistance to the government's dual citizenship plans is," said Wolfgang Schäuble, chairman of the Christian Democratic Union. "It has surpassed all our expectations."

Mr. Schäuble was speaking at a ceremony at the Christian Democrats' headquarters in Bonn, where he collected a truckload of 478,152 signatures from Hesse state.

On Sunday, voters in the western state will elect a new assembly in the first balloting since the general election in September. The Social Democrats and the Greens have held power in the prosperous state since 1991 and are expected to successfully defend their majority.

But Mr. Schäuble said he was confident that the petition would make Mr. Schröder's government rethink its citizenship reform plans. "This gives us reason for optimism that we will succeed in stopping the SPD's plans on dual citizenship," he said. "It won't further integration. It's the wrong way to go."

Mr. Schröder's government wants to reform the 1913 citizenship law based on bloodlines. It would allow foreigners to obtain German passports without having to surrender their original citizenship. About 3 million foreigners would thus become Germans.

Interior Minister Otto Schily defended the reform plans and criticized the opposition for whipping up xenophobic sentiment. "We are looking for a realistic solution to the problems that are associated with too much immigration in the past," Mr. Schily told the upper house of Parliament. "We can't just ignore the issue or leave it to the barroom discussion."

4 Sentenced in an IRA Killing

By James F. Clarity
New York Times Service

DUBLIN — In a decision Friday further complicating the Northern Ireland peace effort, a special Irish court sentenced four members of an Irish Republican Army gang to maximum terms of 12 years and 14 years for the admitted killing of a detective during an IRA-directed robbery of a bank truck in 1996 to raise funds.

The sentences, announced by Justice Richard Johnson of the Special Criminal Court, came two days after prosecutors dropped charges of murder, which carries a minimum 40-year sentence, and allowed the four to plead guilty to manslaughter.

Prosecutors and the police indicated their murder case had collapsed

because witnesses against the killers had been intimidated and refused to repeat their accounts in court.

Politicians of all parties, newspaper editorials and hundreds of callers to radio stations expressed outrage, asserting that the Irish Republican Army had threatened key witnesses.

The Irish Times said in an editorial Thursday that "the lesser charge of manslaughter may suit the purpose of those who want to buttress the Belfast Agreement. It is a disturbing and distressing development."

Sentenced to 14 years were Pearse McCauley and Kevin Walsh, who could be released within 10 years.

Twelve-year sentences were handed down to Michael O'Neill and Jeremiah Sheehy, who could be free within nine years.

UN Monitor for Iraq Won't Seek Another Term

By Judith Miller
New York Times Service

UNITED NATIONS, New York — Richard Butler, the embattled chairman of the United Nations commission charged with dismantling Iraq's weapons of mass destruction, said Thursday that he did not expect to seek another term as chairman.

But he said he would strongly resist any effort to oust him.

In an interview Thursday, Mr. Butler couched his intention to leave when his contract expires in June with strong criticism of Russia, a permanent member of the UN Security Council.

Sergei Lavrov, Russia's representa-

tive, has led a fierce campaign against Mr. Butler and his commission, calling almost daily for his resignation or dismissal on grounds that he is unprofessional, untrustworthy, biased and impolitic.

When asked about Russia's attacks on his integrity, Mr. Butler grew combative. He said Moscow was trying to divert attention from Iraq's violations of its disarmament commitments and repeated efforts to conceal information and material from weapons inspectors.

"Senior diplomats are asking: What is going on here?" Mr. Butler said.

The true issue was whether Iraq would comply with UN resolutions, Mr. Butler said, and the pledges it made as a

condition of the Gulf War cease-fire in 1991.

He is primarily concerned, he said, that UNSCOM, as the UN commission is known, return to Iraq to judge whether Iraq is developing nuclear, biological and chemical weapons.

Tension within the Security Council over both Mr. Butler and UNSCOM's fate has been building since he filed a report in December concluding that Iraq was violating its pledge to Secretary-General Kofi Annan to permit unrestricted inspections. The report triggered U.S. and British air strikes and the inspections were suspended.

At the same time, Russia, France and China, permanent Security Council

members, have been lobbying to remove economic sanctions on Iraq.

The Security Council agreed Jan. 30 to set up three panels to evaluate its relationship with Iraq. The United States, Britain and Mr. Butler have insisted that UNSCOM's experts be part of the panel on disarmament. But Russia and Iraq have refused to work with Mr. Butler, or to accept special commission documents as long as he is chairman.

U.S. officials seemed intent on countering an impression among diplomats here that U.S. support for Mr. Butler and the commission is weakening.

James Foley, the State Department's deputy spokesman, said Thursday that Washington supported Mr. Butler.

TRAVEL UPDATE

Madrid Airport Weighs Expansion

MADRID (AP) — The Spanish cabinet began discussing plans Friday to expand Madrid-Barajas Airport's facilities. The plans reportedly include a major enlargement of the capital's existing airport as a holding measure while a new one is being constructed.

A Development Ministry spokesman, Adolfo Lazaro, refused to confirm newspaper reports that the studies concerned plans for two new runways and a new terminal at Madrid-Barajas Airport, northeast of the capital.

Mr. Lazaro also declined to comment on reported government support for a parallel project promoted by Madrid's regional authorities to construct a new airport at a site known as Campo Real, southeast of the capital.

Airlines Clear First Y2K Hurdle

ATLANTA (AP) — Major airlines said their computer reservations systems had cleared the Y2K bug, at least for now.

Thursday was the first day most airline systems could book tickets for Jan. 1, 2000. Early indications are that the systems survived their first confrontation with the Year 2000 problem. "We think this was the first major milestone," said a United Airlines spokeswoman, Kristina Price, who estimated that United had spent \$70 million on its Year 2000 Project.

A strike by French seamen in Calais brought cross-channel ferries of the SeaFrance line, a subsidiary of the French national railroad, to a halt Friday. The strike, which started Wednesday, is in protest of punitive measures against workers by the management of the ferry company after incidents during another strike in November. (APF)

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FINLAND	FM 520	210	59%
FRANCE	FF 250	80	68%
GERMANY	DM 150	50	67%
GREAT BRITAIN	£ 150	50	67%
HONG KONG	HK\$ 250	80	68%
ITALY	ITL 150,000	50,000	67%
JAPAN	¥ 25,000	8,000	68%
MALAYSIA	RM 200	60	70%
NETHERLANDS	FL 250	80	68%
NORWAY	NOK 930	290	69%
SINGAPORE	S\$ 150	50	67%
SPAIN	PTA 13,000	4,000	69%
SWEDEN	SEK 150	50	67%
SWITZERLAND	CHF 150	50	67%
USA	\$ 25	8	68%

FOR OTHER COUNTRIES, PLEASE CONTACT YOUR NEAREST INT OFFICE

WEATHER
Forecast for Sunday through Tuesday, as provided by AccuWeather.

Region	Day	High/Low	Conditions
Europe	Sunday	54/34	Partly cloudy
	Monday	54/34	Partly cloudy
	Tuesday	54/34	Partly cloudy
	Wednesday	54/34	Partly cloudy
	Thursday	54/34	Partly cloudy
	Friday	54/34	Partly cloudy
	Saturday	54/34	Partly cloudy
	Sunday	54/34	Partly cloudy
	Monday	54/34	Partly cloudy
	Tuesday	54/34	Partly cloudy
North America	Sunday	54/34	Partly cloudy
	Monday	54/34	Partly cloudy
	Tuesday	54/34	Partly cloudy
	Wednesday	54/34	Partly cloudy
	Thursday	54/34	Partly cloudy
	Friday	54/34	Partly cloudy
	Saturday	54/34	Partly cloudy
	Sunday	54/34	Partly cloudy
	Monday	54/34	Partly cloudy
	Tuesday	54/34	Partly cloudy
Asia	Sunday	54/34	Partly cloudy
	Monday	54/34	Partly cloudy
	Tuesday	54/34	Partly cloudy
	Wednesday	54/34	Partly cloudy
	Thursday	54/34	Partly cloudy
	Friday	54/34	Partly cloudy
	Saturday	54/34	Partly cloudy
	Sunday	54/34	Partly cloudy
	Monday	54/34	Partly cloudy
	Tuesday	54/34	Partly cloudy
Africa	Sunday	54/34	Partly cloudy
	Monday	54/34	Partly cloudy
	Tuesday	54/34	Partly cloudy
	Wednesday	54/34	Partly cloudy
	Thursday	54/34	Partly cloudy
	Friday	54/34	Partly cloudy
	Saturday	54/34	Partly cloudy
	Sunday	54/34	Partly cloudy
	Monday	54/34	Partly cloudy
	Tuesday	54/34	Partly cloudy
Latin America	Sunday	54/34	Partly cloudy
	Monday	54/34	Partly cloudy
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	Tuesday	54/34	Partly cloudy

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Canadian Arctic's New Fare: Contaminated Seal and Canned Spaghetti

By Anthony DePalma
New York Times Service

IGLOOLIK, Northwest Territories — It was early on a Monday morning, another gray start to a gray day in the Canadian Arctic. But thinking ahead to providing a hot, nutritious meal for his family later that day and through the week, Serapiot Ittusardjuat was already defrosting a seal.

It was an entire ringed seal, about three feet long, that the Inuit hunter had caught in the fertile waters around the island of Igloolik and then allowed to freeze in the 30-below temperatures until he needed it.

But Ittusardjuat (pronounced ee-too-sard-zoo-wat) was only dimly aware that the seal was probably contaminated with dangerous substances like the pesticide DDT and industrial compounds like PCBs, which are released into the air all over the earth and drift north.

Once they hit the cold polar regions, the contaminants settle. They easily seep into the Arctic food chain, and are especially concentrated in sea mammals like seals that have a thick

layer of fat that stores the dangerous compounds. Scientists have known about the contaminants for some time, and are most concerned about the effects on babies and the unborn in the north. But they have not advised the Inuit to change their diets.

Although the eastern Canadian Arctic is developing rapidly, and will officially become Canada's third territory in a few weeks, there still are few alternatives to traditional food in an area as isolated as this one, 1,200 miles (1,900 kilometers) from the North Pole.

What is available at Igloolik's only two stores tends to be convenience foods, TV dinners and sugary prepared items that are common in the south but have only recently been introduced in the north.

"Heart disease and kidney disease were almost nonexistent in the north," said David Stone, chairman of a federal government committee on northern contaminants. "But when these people take on a southern diet, they end up getting the same diseases as you or I, and it tends to be worse."

It would not do much good to try to place

traditional foods off-limits for people like Ittusardjuat, who hunts every week, often heading to Baffin Island, where he can shoot caribou for his family, and for others who cannot hunt.

"I heard about that but I'm not too worried," he said, referring to the reports of contaminants found in the food chain. "I guess if I shot a caribou near the sludge pond, it might be different and I might not eat it. Otherwise, I don't think it's a problem."

The Inuit's ability to exploit their surroundings has allowed them to survive in places like this, a treeless island covered by a thick cap of snow and ice except for a brief, but glorious, summer. It also makes them willing to try, and then cover, strange conveniences like barbecued corn chips, spaghetti in a can and frozen fried chicken.

Just a generation ago, the Inuit diet was entirely traditional. But by 1988, a study showed, only a third of the diet was composed of seal and caribou. The rest was bought in stores.

"Only nonperishable items that can travel for long distances are readily available," said Oliver Receveur, a professor of dietetics and human

nutrition at the Center for Indigenous Peoples Nutrition and Environment at McGill University in Montreal. "A gallon of milk will cost more than \$5, so most people will use powdered milk or juice crystals instead of the real thing."

Mr. Receveur is working on one of the most extensive surveys ever done of dietary habits in the eastern Canadian Arctic. He is looking at the amount of pollutants the Inuit take in because of the contaminated traditional foods they eat. For instance, a bite-sized morsel of raw whale skin, called *muktuk*, an Inuit delicacy, has been found to contain more PCBs than Canadian scientists recommend be taken in a week.

Receveur is trying to measure the degree to which southern cuisine has distorted diets that have remained unchanged for thousands of years.

"Our working analysis is that the benefits of traditional foods will outweigh any risks and should be maintained as the primary diet of the Inuit people," he said. "But we may find out that the concentration of contaminants in the food is so high that it poses too great a danger to the populace."

People older than 50 can remember when almost every day in the north was walrus and blubber day. With few implements available in which to cook, and even fewer spices, recipes tended to be rudimentary.

"All they know is how to boil the food," said Shawn Wilton, who cooks at the restaurant in a lodge in Igloolik run by the Inuit cooperative.

Mr. Wilton, a native of Steady Brook, Newfoundland, is married to an Inuit woman, Tapeasa, and has lived in the north for more than a decade. "Hamburgers and chicken, that's what people here want to eat," he said.

He has observed that although many residents of Igloolik do not have much money, they eat at his restaurant because they do not really know how to cook southern food. Once, he said, he knew neighbors who had gone out to buy T-bone steaks, which can cost \$14 each in the supermarket.

"My wife went to see them and when she came back she said, 'You'll never believe what they've done with the T-bone,'" he said. "They boiled it."

JORDAN: King Is Clinically Dead; Family Deciding on Last Step

Continued from Page 1

the situation is critical but we hope it gets better."

Both the Israeli and the Palestinian delegations at the United Nations opened an otherwise contentious meeting on Israeli settlements by expressing support for King Hussein.

President Hosni Mubarak of Egypt — like the king, an Arab leader who has

nudged others in the region toward peace with Israel — expressed his concern about the king's health.

Meeting with Sultan Qaboos ibn Said of Oman, Mr. Mubarak issued a statement in both leaders' names, saying they received the news of the king's decision to return home "with great concern and wished that Jordan would remain stable."

Many Palestinians in the West Bank

and East Jerusalem, most of whom hold Jordanian citizenship, were also anxious about the king's fate.

"We fear for the king, as he has supported Palestinian rights and the peace process," said Hasan Ahmed, a Jerusalem clerk.

Palestinians mainly keep their accounts in Jordanian banks and watched the dip of the dinar with concern.

Others retained memories of the king's bloody quashing of a 1970 Palestinian uprising in Jordan.

"God punished the king, as he killed Palestinians in 1970," said Salah Abu Zeinab, a Nablus upholsterer. "All his fortune could not help him get treatment."

King Hussein had been a moderating force in the region in recent years, helping to broker the difficult Israeli-Palestinian talks at critical junctures.

Israel has closer relations with Jordan than any neighboring country, and the kingdom's stability is seen there as a bulwark against a collapse of the peace process.

Among Arabs, the worry was what a shift in Jordan could mean for the region as a whole.

Questions over Jordan's stability were prompted last month by a sudden change of succession. Some in the region have questioned the experience of Prince Abdullah, 37, a senior army officer who has kept a low profile.

The king is the longest-surviving ruler of an Arab nation and has played a pivotal role as a middle man between his larger neighbor Iraq and other Arab nations.

Iraq has suffered pariah status since invading Kuwait in 1990, and being driven out in the 1991 Gulf War. Jordan became one of its few conduits for aid and trade.



Jordanians sobbing during Friday prayers in Amman after the king returned home from unsuccessful cancer treatment in the United States.



King Hussein on Jan. 19 in Amman as he returned from the United States after six months of therapy for lymphoma. A few days later, the king returned to America for a bone marrow transplant, which failed.

BMW: Chief Executive and Heir Apparent Are Out in Rare Sweep Linked to Difficulties at Rover Subsidiary

Continued from Page 1

be a turnaround at the unprofitable Rover operations.

Rover's fate threatened Friday to become a heated political issue in Britain, where antitrust laws are concerned that Munich-based BMW might consider shutting down Rover's flagship production plant in Longbridge, near Birmingham.

British government officials joined trade union officials in demanding that

BMW honor a commitment made in December that it would keep the plant open.

Antitrust laws said they feared that new management could bring an eventual shutdown of Longbridge, the largest of Rover's three factories and the oldest auto plant in Britain.

BMW threatened late last year to close Longbridge, which employs 14,000 workers and indirectly supports tens of thousands of parts suppliers, but it backed off after the autoworkers

agreed to the elimination of 2,500 jobs at Rover this year. BMW cut 2,350 jobs in the Rover group last year.

Rover's 1998 losses are estimated to have been as high as 1.5 billion Deutsche marks (\$869.3 million), greater than last year's entire BMW group net profit. The German parent has not yet released profit figures for last year.

Analysts said the supervisory board had lost patience with Mr. Pischetsrieder because Rover's poor performance had overshadowed a record year at BMW's

German operations. BMW sold a record 699,378 cars last year but its profit dropped for the first time since 1993 because of Rover.

Longbridge assembles most of the line of Rover passenger cars, which plunged in sales last year by 17 percent to 303,800. By contrast, Rover's popular line of Land Rover sport-utility vehicles — which are built at the Solihull plant near Oxford — had a 20 percent jump in 1998 demand to 153,500.

BMW evidently was surprised by the

magnitude of Rover's problems. The company was slow to recognize Rover's 30 percent productivity gap with BMW's Bavarian plants.

Mr. Pischetsrieder led the 1994 acquisition of Rover as one of his first actions as chief executive. His mistake, analysts say, was to manage Rover at arm's length.

An Anglophile who speaks fluent English, Mr. Pischetsrieder was worried about anti-German feelings, and he maintained Rover as a separate company.

KOSOVO: Serbs Bar 2 Rebel Delegates at Airport

Continued from Page 1

International monitors were trying to persuade the Serbs to let all the delegates go, but said the chances of arranging a flight appeared slight as darkness fell.

"It looks as if it is off for tonight," said Rexhep Qosja, one of the delegates. "It is up to the Kosovo Verification Mission to sort this out."

A senior official of the OSCE, which runs the cease-fire monitoring mission in Kosovo, said the overseeing six-nation Contact Group was preparing to issue a strong demand to Belgrade.

"It's an all-or-none deal," the official said. "We're doing all we can. The Serbs will be held accountable if the Rambouillet talks do not go forward."

Veiton Surroi, an independent member of the ethnic Albanian delegation, said the rest of the team would not leave without four Kosovo Liberation Army representatives.

The non-KLA delegates returned to the provincial capital, Pristina, after the standoff developed at the airport.

"The Yugoslav government is preventing the KLA representatives from joining the Kosovo Albanian delegation," Mr. Surroi said. "We are not going to leave Pristina if we are not complete."

Making public the composition of the Serbian negotiating team in Belgrade, the state-run Tanjug press agency reported Friday that top aides to President Slobodan Milosevic would attend the talks, along with representatives from mostly tiny ethnic communities in Kosovo.

In another sign of continuing tensions, international verifiers were trying Friday to settle a standoff in the town of Srbica, 30 kilometers (18 miles) west of Pristina, where Serbian policemen were trying to enter rebel territory to investigate a robbery at a Serbian Orthodox monastery.

About eight armored vehicles were prepared to move to the monastery of Devic, where thieves made off with farm equipment three days ago.

Rebels of the Kosovo Liberation Army refused to let the monitors enter the ethnic Albanian area. (AP, AFP, Reuters)



The French ambassador to Macedonia, Jacques Huntzinger, gesturing in frustration Friday at the Pristina airport when Serbs blocked members of the Kosovo delegation trying to leave for talks.

North Korean Defectors Find Not Much to Cheer in the South

By Don Kirk
International Herald Tribune

SEOUL — The messages on the leaflets wafting down over North Korean towns and villages from balloons launched from South Korea seemed clear enough: "Come see your brothers and sisters in the South," said a typical leaflet picked up by North Koreans who subsequently fled to South Korea. "Live in peace and freedom. We promise you money and job opportunities."

The reality, as recounted by North Koreans who have defected to South Korea in recent years, is quite different. "We have no money, no jobs," said Han Chang Kwon, president of an association of North Koreans protesting the treatment they say they have received here. "We demand the government stop this propaganda. It is totally misleading."

The disillusionment begins within minutes after a typical defector arrives in

Seoul after having traveled, sometimes for years, by a circuitous route through China or Russia.

"When we arrive at the airport, we are given flowers and have a photo session for television and the newspapers," said Mr. Han, who came here four and a half years ago. "Then we are taken by van to an integration center. They strip off our clothes. They insult us with crude remarks. They pour questions on you as confused, dumbfounded. They beat you like a dog with sticks."

Such charges have infuriated the powerful National Intelligence Service, the new name for the National Security Planning Agency, formerly the Korean Central Intelligence Agency. It is responsible for interrogating defectors to see if any of them are really spies sent down from the North.

The defectors "claimed that they were tortured by government agencies," said the National Intelligence Service, "in a desperate attempt" to extract more

"settlement money" promised by the government to all those who manage to get here from North Korea.

Interviews with defectors, however, indicate that many of them were indeed mistreated by interrogators and are unhappy with their lives in the South even though they now live more comfortably than they ever did in the North.

While the beatings may have largely stopped since the inauguration of President Kim Dae Jung nearly a year ago, those who have studied the problems of defectors point to a larger problem.

How, they ask, can South Korea absorb thousands of North Koreans who may want to come to the South in the next few years when the government still has not found a way to deal with the 751 North Koreans who have defected to the South since the Korean War in the early 1950s?

"The problem lies in both lack of policy and lack of determination of defectors to adjust to our society," said Oh

Hye Jung, a Roman Catholic nun who works for a church committee on unification. "The government's support program is inadequate. This problem should be seen from a long-term view. The government just gives them a small amount of settlement money and that's all. That way, the problem cannot be solved."

Typically, defectors say they have to spend most of their settlement money to buy the small apartments in which they live. Thrown into the hard-driving capitalist society of the South, they say, they survive day-by-day through menial, temporary jobs.

"I am deeply disappointed by life here," said Hong Jin Hee, who bribed North Korean border guards to cross the Yalu River into China in 1993. "I would never have come here if I had any idea what life is like here."

Researchers at the Unification Institute, a government think tank, said they were working on contingency plans for

the possibility of a flood of refugees pouring south if North Korea collapses.

"But we are not quite serious about such planning," said Choi Jin Wonk, a research fellow at the institute. "We do not want immediate unification. We prefer coexistence with the North."

He justified tough interrogations as the only way to find out the real backgrounds of some of the defectors.

"Many of them might have been involved in crimes in North Korea," he said. "They do not want to report exactly what was their position in the North. They inflate their rank in the workplace. They say they were managers when they were just workers."

Such arguments only add to the fury of Mr. Han as he contemplates his next move, suing the government for damages.

"If the government has this mentality, even if the two Koreas are united," he said, "it is quite likely there will be another Korean War."

TESTIMONY: Lewinsky's Fencing

Continued from Page 1

presence of two managers, a phalanx of White House lawyers, a group of senators and her attorneys. "I probably blushed or giggled or something," she said when asked how she had responded to Mr. Jordan.

Prosecutors consider this exchange, along with numerous others, as evidence that Mr. Clinton was trying to obstruct justice: using his friends to maintain the silence and loyalty of a witness who, if she chose, could deliver damaging testimony against him in the Paula Corbin Jones sexual harassment lawsuit.

Under repeated prodding by Mr. Bryant, Ms. Lewinsky made clear that she did not have to be enticed to conceal their illicit relationship from the lawyers in the Jones case or others, because she understood the ground rules of it.

She also acknowledged that her regard for Clinton has not completely soured.

"Do you still have feelings for the president?" Mr. Bryant asked.

"I have mixed feelings," she replied. Pressed about those emotions, she turned Mr. Bryant away with this response: "I think what you need to know is that my grand jury testimony is truthful irrespective of whatever those mixed feelings are in my testimony today."

But Mr. Bryant did not quit. "Do you still, uh, respect the president, still admire the president?" he asked.

"Yes," she said, with no further explanation.

"Do you still appreciate what he is doing for this country as the president?"

"Yes." Later, Mr. Bryant came back to that question — a point that has intrigued much of the country, many people having asked whether the former White House intern feels betrayed by Mr. Clinton, who once told the world in a televised appearance: "I did not have sexual relations with that woman, Ms. Lewinsky."

"I assume you think he's a very intelligent man?" Mr. Bryant asked.

Ms. Lewinsky answered, "I think he's an intelligent president."

The crowded presidential suite at the luxury hotel erupted into laughter. In a separate hit of sparring that touched a nerve, Ms. Lewinsky took issue with Mr. Bryant's characterization of her sexual affair with the president. He referred her to what he called their "first so-called salacious occasion."

"Can — can we — can you call it something else?" she responded. "I mean, this is my relationship."

"What would you like to call it?" he asked. She struggled for a moment, then said: "It was my first encounter with the president, so I don't really see it as my first salacious — that's not what this was."

Again, Mr. Bryant persisted, pointing out that salacious has "kind of been the word that's been picked up all around."

She agreed, but then came up with "encounter, maybe?" — a compromise they settled on.

Mr. Bryant focused on the episode because it is part of the prosecutors' perjury case against Mr. Clinton. The managers contend that the pair's groping on that occasion in a White House office clearly fit the definition of sexual relations that Mr. Clinton was asked about later in the Jones lawsuit. In his grand jury testimony last year, the president insisted that he told the truth when he denied such relations in his Jones case deposition.

But while Ms. Lewinsky confirmed that her account contradicts Mr. Clinton's, she refused to say the president was lying. "I really don't feel comfortable characterizing whether what he said was truthful or not truthful," she said. "I know I've testified to what I believe is true."

On the issue of the gifts, she insisted that the president's secretary, Bettie Currie, and not Mr. Clinton, had wanted her to return a number of gifts he had given her about the time their affair was becoming known publicly. That is another key point in the obstruction-of-justice case against Mr. Clinton.

Ms. Lewinsky also did not take the bait in questioning by Mr. Bryant on whether she was upset by Mr. Clinton's comments after their affair became known. In the days after the scandal spread publicly, Mr. Clinton told several White House aides that Ms. Lewinsky was a "stalker" who threatened him if he did not have sex with her.

But Ms. Lewinsky seemed unnerved by this line of questioning. "Did you come on to the president and make a sexual demand on the president?" Mr. Bryant asked.

Ms. Lewinsky answered, "No."

Chinese Encourage Teaching of Atheism to Counter Dalai Lama

By Seth Faison
New York Times Service

SHANGHAI — The Chinese authorities in Tibet like to say they tolerate religious freedom, though many Tibetans complain that their religious activities are tightly controlled and permitted only on Chinese terms.

In practice, people are allowed to worship at temples at certain times, but the authorities closely monitor any activity — in monasteries, universities or elsewhere — that hints at anything they consider a threat to Chinese control over Tibet.

Now, as officials take a tough line aimed at discouraging any unrest as a series of sensitive anniversaries approach in the coming months, the government is encouraging the teaching of

atheism, which appears to run counter to the promises of religious tolerance.

At a gathering of senior officials in Tibet last month, the authorities announced that they would expand the teaching of atheism among Communist Party members and government employees and also in Tibetan society in general.

An official report on the meeting, carried in government-controlled media in other parts of China in recent days, described an endorsement of the teaching of atheism, saying it should be expanded.

"Improving the publicizing of atheism is an important responsibility of the propaganda and ideological front by the Communist Party," the report said. "It

is also an important measure in the waging of an in-depth struggle against separatism, resisting the reactionary infiltration of the Dalai Lama clique, and guiding Tibetan farmers and herdsmen in ridding themselves of passive religious influence."

The report said there was a growing need to "improve the moral and ideological quality of all Tibetan people," which in Communist Party language means accepting party principles of atheism and obedience.

This latest step appears to be an extension of a "patriotic education campaign," as the authorities call their recent efforts to stamp out allegiance to the Dalai Lama, Tibet's spiritual leader, who has lived in exile since 1959.

"In the past, atheism has been en-

couraged among Communist Party cadres in Tibet," said Kate Saunders of the Tibet Information Network, a London-based organization. "Now they are extending it to wider society, especially in the schools."

Chinese officials are concerned about two sensitive anniversaries, Ms. Saunders said. They are the 40th anniversary of an uprising on March 10, 1959, when the Dalai Lama fled, and the 10th anniversary, on March 8, of riots in the Tibetan capital, Lhasa, that led to the imposition of martial law.

In the rest of China, the authorities have begun a widespread crackdown on dissidents, writers and the media in recent months, apparently determined to prevent any protests during other sensitive anniversaries — namely, the 10th

anniversary of the Tiananmen crackdown in June 1989, and the 50th anniversary of the founding of the People's Republic of China on Oct. 1, 1949.

In Tibet, officials are focused on blocking any show of sympathy or allegiance to the Dalai Lama. But their current campaign is being publicly presented in a broader context of the official aim to modernize Tibet, still a poor and largely rural area populated mostly by farmers and herdsmen.

"Publicizing atheism should start with every aspect of daily life for the masses," the official report said.

Despite the official policy of permitting religious worship, many Chinese officials see the intense devotion to Buddhism among Tibetans as primitive and ignorant.

BRIEFLY

Rightist Leaders Split in Australia

SYDNEY — Australia's far-right One Nation party was in turmoil Friday as 2 of its 10 elected state Parliament members resigned and the other 8 threatened to quit unless the party leader, Pauline Hanson, and two other senior figures stepped down.

There has been a rising tide of resentment about the power held by Mrs. Hanson and the two associates. It came to a head when a draft document was put before the party that enshrines the right of the three to rule unelected and unchallenged for at least the next two years.

One Nation's 10 legislators in Queensland state have demanded that the three resign and seek reelection at the party's annual meeting on Feb. 18. (AP)

China Shuts Down An Internet Site

BEIJING — Less than five days after Chinese authorities singled it out for criticism, a popular Internet bulletin board has been shut down, a human rights group reported Friday.

The bulletin board service, "Everything Under the Sun," was on a Web page run by a Chinese computer software company. It drew 60,000 messages in December and January, the Hong Kong-based Information Center of Human Rights and Democratic Movement in China said.

Message writers had become increasingly bold, even discussing the 10th anniversary on June 4 of the military's violent quelling of the Tiananmen Square democracy movement, the group said. (AP)

Mahathir Deputy Given Wider Duties

KUALA LUMPUR — Malaysia's prime minister, Mahathir bin Mohamad, Friday gave his deputy and possible successor a wider role in his ruling party as it prepared for elections.

Deputy Prime Minister Abdullah Ahmad Badawi said he would perform the duties of deputy president of the United Malays National Organization but that he would not formally fill the post. Mr. Mahathir, 73, is party president. Mr. Mahathir named Mr. Abdullah, 53, as deputy prime minister Jan. 8. (Reuters)

Pakistan Supports Kashmir Militants

ISLAMABAD — Prime Minister Nawaz Sharif Friday went to a disputed Himalayan border Pakistan shares with arch-rival India to reaffirm Pakistani support for militants fighting Indian rule over two-thirds of the region of Kashmir. Pakistan controls the remaining third.

"We do not have a mere geographical link with Kashmir, rather we have a relation of blood and ideology and, above all, we are tied in the bonds of humanity," the official news agency quoted him as saying in a speech near the border.

Since independence from Britain in 1947, the two sides have fought two wars over Kashmir. (Reuters)

Mandela, Lauding Party, Urges Elections for May

The Associated Press

CAPE TOWN — In his last major address to Parliament, President Nelson Mandela said Friday that the "long walk" for a better life was not over, and revealed his preferred time for the country's second all-race elections: between May 18 and 27.

The long-awaited word on election timing was the most specific statement yet from the man who sets the date. Parliament still must work out constitutional details before he can formally fix the day.

"I am, however, able to give the indication, after extensive consultations, that we aim to select a day for our second national election in the period between the 18th and 27th of May," read the text of his speech.

Mr. Mandela did not pronounce the words. The government said he had committed them at the last minute because of a legal challenge from opposition parties to registration rules. But "the approach remains as contained in the text," the government said.

The first national balloting since the fall of apartheid in 1994's all-race vote had been expected by May, the beginning of a 90-day window set by the constitution for elections.

Officials want the vote to take place before the Southern Hemisphere winter sets in to ensure a higher turnout. South Africa's political parties have been pressing for a date to be set so the campaign can begin in earnest.

Mr. Mandela plans to retire after the

elections, and the next parliamentary session will almost certainly be opened by Deputy President Thabo Mbeki, Mr. Mandela's heir apparent and favorite to win the vote.

The ceremony Friday provided South Africans with a chance to look back on the "Mandela era," which transformed the country from a racist, pariah state to a major regional diplomatic power.

In his speech, Mr. Mandela lauded the achievements of his African National Congress party in bringing basic services to millions of poor blacks who had been ignored under apartheid.

In five years, he said, the government brought clean water to 3 million people and connected more than 2 million people to the electricity grid. But he noted that the work of creating a better standard of living for all South Africans had not been completed.

"There is a lot to be done," he said. "The long walk is not yet over. The prize of a better life has yet to be won."

Mr. Mandela acknowledged that much of the euphoria that greeted the 1994 vote had faded amid continuing racial divisions and high rates of violent crime. He warned that racial tension was destroying the country and souring its image abroad, adding: "This must come to an end. For, indeed, those who thrive on hatred destroy their own capacity to make a positive contribution."

On crime, Mr. Mandela said: "Let me reiterate. The battle against crime has been joined and we have no doubts at all who the victors will be."



President Nelson Mandela making his last State of the Nation speech to Parliament on Friday in Cape Town. He intends to retire after the elections.

U.S. Says Indonesia Military Backs East Timor Cease-Fire

Reuters

JAKARTA — Indonesia's armed forces support East Timorese rebel calls for a cease-fire in the territory as well as the disarming of rival militias to stem a rising tide of violence, a senior American official said Friday.

The official, Stanley Roth, the U.S. assistant secretary of state for East Asia and Pacific affairs, said the Indonesian defense minister, General Wiranto, had endorsed the call by Xanana Gusmao, a rebel leader serving a 20-year sentence for armed rebellion, to counter escalating violence in East Timor.

After meeting General Wiranto, who also is the chief of the armed forces, Mr. Roth said, "He told me that he liked Xanana Gusmao's idea that all parties should have their weapons taken away and that there should be a cease-fire and an end to the violence."

Mr. Gusmao made his plea last week after Indonesia suddenly reversed its opposition to independence for the former Portuguese territory.

Jakarta said it would consider letting East Timor go, after 23 years of rule, if East Timorese rejected an offer of special autonomy granting them wide powers over their affairs.

Mr. Roth said he had expressed Washington's concern over mounting violence in East Timor during talks with senior officials, including General Wiranto and President B. J. Habibie.

Indonesia's official National Human Rights Commission says at least 50 people have died during clashes between pro- and anti-Jakarta groups in the territory over the past six months.

The commission, pro-independence groups and aid workers accuse the military of giving 20,000 guns to loyalist militias.

General Wiranto denies arming civilians, but has said that paramilitary units have been given guns to help the armed forces, the ABRI. There are virtually no pro-independence Timorese in such units.

Mr. Roth said violence in the territory could jeopardize diplomatic talks over its future, which he said were the most promising in the 19 years he has been watching East Timor.

"This is the first time in that 19-year period that I am optimistic that there is the basis for a political settlement," he said.

Portugal's envoy to Indonesia, Ana Gomes, on Friday met Mr. Gusmao in a Jakarta prison to discuss the territory's future if it became independent.

After the meeting, Mr. Gusmao said the two discussed how to avoid a civil war there, how to avoid violence in East Timor and how Portugal can help.

Indonesia invaded East Timor in 1975 and annexed it the following year in a move that has not been recognized by the United Nations.



Xanana Gusmao, the jailed East Timorese leader, hugging Ana Gomes, a Portuguese diplomat, after the two met Friday in a prison in Jakarta. The two discussed problems of stability in the former Portuguese colony.

TIMOR: Idea of Local Rule in a Federal Indonesia Is Gaining Support

Continued from Page 1

existing secular state.

With more than 300 ethnic groups and many different religions spread across more than 17,000 islands, some neighboring countries fear that Indonesia may be confronting a risk of disintegration, a variation of "balkanization."

In an interview on Friday, the Indonesian foreign minister, Ali Alatas, sought to calm such unease. He emphasized that Jakarta's strongly preferred option for East Timor was for wide-ranging autonomy, not independence.

He said that even if the East Timorese

rejected autonomy, he did not think that the offer of independence would set off a chain reaction in other parts of Indonesia.

"The situation of East Timor is entirely different, historically, politically, and also on the ground, from Aceh or Irian Jaya and so on," he said.

Indonesia invaded East Timor, then a Portuguese colony, in 1975 and annexed it the following year, a move that was not recognized by most countries or the United Nations. The other parts of Indonesia were inherited from the Dutch East Indies colonial empire.

protection of religion has also become an issue in parts of Indonesia. Mr. Syamsuddin said the fact that Aceh was home to devout Muslims raised a possibility of Islamic law being applied if such powers were devolved to the provinces in a federation — something that is not permitted under Indonesia's

For years, Indonesians seemed willing to forgive hardships, on the grounds that the revolution was not about economics. But in the conversations around Iran this year, the state of the economy was a constant theme of the many people who said that on the anniversary of the revolution, they saw little to celebrate.

"It's not only me," said Ali, a 37-year-old cleaner, who was interviewed as he swept the stairs of an apartment complex on a chilly night in Tehran. "Everybody gets angry. These clerics don't know what kind of problems we have."

IRAN: 20 Years Later, Questions About the Revolution

Continued from Page 1

Much Iranian discontent was channeled into the election of Mohammed Khatami, the president who won a landslide victory two years ago over a candidate supported by the ruling clerical establishment. Mr. Khatami, who has pressed for greater social and political openness, is seen by some Iranians as someone who might lead the country into what might be truly called a post-revolutionary era.

But Mr. Khatami remains part of the clerical establishment, as signified by his black clerical turban, without which he almost certainly would not have been elected. And even he has expressed concern that Iranians might be tempted to turn away from the past 20 years old.

"Poisonous winds are blowing inside and outside the country," Mr. Khatami warned in an anniversary address the other day. "Enemies are attempting to separate you from the Islamic revolution and the system."

The president did not elaborate. But in recent months, Iran has appeared increasingly troubled as the murders of dissident writers were revealed to have been carried out by rogue intelligence agents,

prompting public protests that in turn met with violence from unpoliced thugs.

Even though two decades have passed, it is images of the revolution that still dominate Tehran, where the picture of Ayatollah Khomeini, who died in 1989, glowers down from countless buildings and office walls.

And the very structure of the government, headed by a supreme religious leader, now Ayatollah Ali Khamenei, who is regarded as God's representative on earth, is a product of the revolution that created the world's first Islamic theocracy.

Still, Iranian officials readily concede that young Iranians in particular appear to have little idea of what the revolution was about and that keeping memories alive is much of what the anniversary celebration is about.

The shah's regime finally fell on Feb. 11, 1979, after days of street battles, and the celebration is to reach its peak that day in a mass rally and military parade. In the meantime, film, music and theater festivals are under way, as is an exhibition showcasing the country's achievements since 1979, under banners like one that read: "The 10 days of dawn gave our nation the sweet fruit of victory."

To questions about why the revolution took place, Ayatollah Khamenei and others have pointed to corruption under the shah and to what they have suggested was Iran's old place as an outpost of the United States.

Yet no mention is being made of the darker side of a revolution that others remember with horror. More than 10,000 people, including some of Ayatollah Khomeini's own aides, were executed in a wave of terror that followed his return.

Nor has mention been made of the economy's downward turn in the years that followed the revolution, in a country where high oil prices and a much smaller population created prosperity under the shah.

For years, Iranians seemed willing to forgive hardships, on the grounds that the revolution was not about economics. But in the conversations around Iran this year, the state of the economy was a constant theme of the many people who said that on the anniversary of the revolution, they saw little to celebrate.

"It's not only me," said Ali, a 37-year-old cleaner, who was interviewed as he swept the stairs of an apartment complex on a chilly night in Tehran. "Everybody gets angry. These clerics don't know what kind of problems we have."



An Iranian couple mourning Friday at the grave of their son, who was killed in the 1980-88 Iran-Iraq war, during ceremonies in Tehran to mark the Islamic revolution's 20th anniversary.

They don't care, so how can they think of solving it? They don't even know what's going on."

Mohammed, 39, a carpet weaver in northwest Iran, said, "We haven't had a good meal in 20 years."

I don't care about the revolution," he said. "The problem is we can't live."

Many spoke with a boldness that is new to Iran in expressing not only resentment toward the clerics, widely described as aloof and indifferent, but sometimes even vague nostalgia for the days of the shah.

Residents who defended the revolution said they believed its critics were holding it to the wrong standard. "I think the most important change was independence, not being a colony," said Nasser Sarkhan, 29, a member of Iran's volunteer paramilitary force.

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ART

Picasso's Politics: An Artistic Theme

Show Examines His Life in Occupied Paris

By Michael Kimmelman
New York Times Service

NEW YORK — By now, nothing about Picasso's life or work is still unexamined. Fortunately, Picasso has been an elastic subject, an artist of quixotic style and mesmeric narcissism, suited to the modern industry of reinterpretation, which, in turn, has supported the equally fertile and even more profitable business of the blockbuster show.

Picasso remains the prime example of modern art's folie à deux with mass taste and its peculiar version of the cult of the genius, which during this era has become virtually synonymous with fame. It is fame, and sheer admiration, that fuel the public's seemingly unquenchable desire for more Picasso exhibitions.

Inevitably, the latest Picasso exhibition, "Picasso and the War Years: 1937-1945," organized by the Fine Arts Museums of San Francisco and opening Friday at the Guggenheim Museum in New York, does not come as a revelation, notwithstanding its hopeful claim to examine an "understudied period" of Picasso's career. The landmark work of the period is maybe the most famous painting of the century, "Guernica," so how understudied can this period be? "Guernica" is not in the show, but a good number of studies for it and other pictures related to it, including several of the familiar "Weeping Women," are here.

Much of the art on view at the Guggenheim is therefore familiar.

But the exhibition and its accompanying catalogue are nonetheless not to be dismissed, because at their core is a subject that, like all complex issues of private morality, cannot be exhausted and will probably never be resolved. That subject is the character of Picasso's life and politics in occupied Paris.

This issue of moral relativism was faced by nearly everyone who survived the Nazi period in Europe. Picasso, in a sense, was merely a conspicuous case.

He had not been politically engaged until the Spanish Civil War in the mid-1930s caused him, among other things, to make the "Dream and Lie of Franco," an etching that he sold to support the Republican government. "Guernica," his response to the Nazi bombing of a Basque town that he had never seen, was painted for the Spanish Republican pavilion at the 1937 World's Fair in Paris.

It is useful, nevertheless, to remember that when Picasso was first commissioned to do the work for the pavilion, he chose a nonpolitical theme — an artist and model — only transforming it at a late date into the subject of the bombing. The final result disappointed some Republicans and their allies anyway. They thought it should have been even more explicit.

When World War II began, Picasso chose to stick it out in his studio on the Rue des Grands-Augustins. He was not allowed to exhibit, but he managed to have paintings sold, some of which were bought by Germans, and he lived far more comfortably than most people did. Hitler had declared him to be a "degenerate" artist, and according to one document, the German authorities ordered Picasso to report for a physical examination, a prelude to deportation to a labor camp. He evaded this order, perhaps through the intervention of Arno Breker, Hitler's favorite sculptor.

Questions have been raised ever since. Why did he stay when he had the chance to emigrate? Was he secretly helping the Resistance? Conversely, did he get special treatment from the Germans? Whom did his presence in Paris benefit more, the occupiers (in terms of the economy) or the occupied (in terms of morale)? After the war he declared himself a communist. Stalin hated modern art as much as Hitler did, but the communists had been enemies of the fascists, and many of Picasso's friends in Paris were members of the French Communist Party.

What was the true nature of his political conviction? At the heart of all these questions is the most obvious one: how much can any of this — his Spanish Republicanism, his sentiments about the occupation, his communist conversion — be detected in his art? This is the real subject of the present exhibition. It is a handsome, tedious display of roughly 80 paintings, drawings, prints and sculptures from among the hundreds of works Picasso turned out during the war. We may tend to imagine the art of these years in black, white and gray, the "Guernica" palette, but many of the works are orange, yellow, red, purple and blue. Picasso was a more vivid and original colorist than people think.

His point was applied in fast, free, sometimes whimsical dashes and scrawls. A good example, "Woman in a Gray Hat Seated in an Armchair," with its scribbled line, pink flesh, scarlet lips and goggle-eyed, split-view face, looks like the prime source for de Kooning's blowy "Women," jaunty, cartoonish and fresh. The overall effect is of an immediacy and a total, almost arrogant linear command.

A new kind of distortion affects many of his wartime figures, their abstracted faces twisted like slabs of hard, flat rubber into knots or made to look like blocks of jagged crystal. The expressions tend to be wide-eyed but impassive. These are mute monsters, occupying confined, hermetic spaces. Figure and room are often knitted together by an obsessive tangle of spiky lines.

A few motifs — skulls, candles, pitchers, food — dominate the many still lifes he painted. Food was scarce, of course, and so was heat. One of the better pictures is a view from the inside of his studio through a window. In the foreground is a color radiator. The colors are brown and ice-blue and the impression is of a solid mass, a kind of frozen sculptural form, not an open, airy space.

The organizers of the show, echoing what writers have noticed before, see these pictures as having been strongly affected by the occupation. The still lifes, for instance, are memento mori, the figure studies reflect his own solitude.

To a degree this is simply undeniable. After the liberation in 1944, Picasso told an American journalist that he had not explicitly painted the war "because I am not the kind of painter who goes out like a photographer for something to depict."

"But," he went on, "I have no doubt that the war is in these paintings I have done. Later on perhaps the historians will find them and show that my style has changed under the war's influence."

And of course that is exactly what has happened. Everyone has detected the war, at least implicitly, in many of these pictures.

BUT IT IS NOT in some of them, too. With Picasso, more than with most artists, the tendency has been to interpret his works as if each object had a specific symbolic meaning to be decoded. We have been told that the "Weeping Women" are portraits of Dora Maar and victims of the Spanish Civil War and Medusa and Mary Magdalene.

The organizers of this exhibition — principally Steven Nash of the San Francisco museums, with Robert Rosenblum at the Guggenheim — to their credit, have wisely left themselves interpretive wiggle room. The interesting catalogue is written by art historians of sometimes contradictory views, which seems a prudent approach because with Picasso the key word remains ambiguity.

The best wartime paintings are good precisely because they are not specifically about anything. "Guernica" may be famous and virtuous, but it is a hodgepodge of Cubist design enlarged to the scale of a billboard and unmissably hitched to a program of political dissent. Picasso probably was not very comfortable grafting a political agenda onto his art because in the end his art was, like everything else in his life, about him.

He survived the war, as did countless people, imperfectly but with dignity. About his decision to remain in Paris rather than emigrate, as many other artists did when the Nazis invaded, he told his companion Françoise Gilot in 1943: "I'm not looking for risks to take, but in a sort of passive way I don't care to yield to either force or terror. I want to stay because I'm here. The only kind of force that could make me leave would be the desire to leave. Staying on isn't really a manifestation of courage; it's just a form of inertia."

As one of the writers, Brigitte Baer, asks in the catalogue: "Why should he be a hero? An artist is an artist; it is not the same profession."



Pablo Picasso posing in his Paris studio in 1933.

From the Ridiculous to the Sublime

By Souren Melikian
International Herald Tribune

NEW YORK — Will Jan. 29 be remembered as the historic day on which world-record prices were paid at Christie's for French, Italian and Spanish paintings in a market where supplies keep shrinking? Or was it the effect of the continuing American boom?

The answer is yes to both questions, with the emphasis on the former. It is becoming increasingly evident that in 20 or 30 years little will be left of any substance and awareness of that prospect is spreading fast, transforming the whole market into an entirely new ball game.

That money was flowing easily was clear from the beginning on Jan. 29. Christopher Burge's unsurpassed skill as an auctioneer at coaxing the extra pound of flesh from the hesitant bidder cannot wholly account for the faultless disposal of the seven bald pictures offered as a warm-up exercise to wake up the attendance.

There may have been some topical humor to Jan Van Kessel's panel with a crowing cock and red-faced turkey confronting each other under the stare of parrots, like art buyers bragging about their coup within earshot of greenhorns thirsting for tips. But even that makes the \$68,500 promptly paid for the 18.4 by 24.2 centimeter oil on copper seem excessive. And you have to be very rich not to mind coughing up \$48,300 for the banal winter landscape done by Thomas Heermans in 1673 best suited for the walls of a dark corridor.

That led up to the first rarity, a circular panel 30.5 centimeters across, by Esaias van de Velde. The imaginary mountainous landscape has charm and it is a discovery. But \$497,500, more than double the high estimate, seemed rather generous.

Yet, all this is a joke compared with the extravaganza triggered by another discovery: the ravishing "Saint Cecilia" painted in 1791 by Gaetano Gandolfi. The Bolognese artist depicted the saint in the guise of a young woman rapturously immersed in the musical piece she plays on the piano as an adolescent equipped with wings to identify him as an angel holds the score for her.

Unlined, its paint surface unmarred by repeated cleaning-cum-varnishing operations, the small 41 centimeter oil painting preserves intact the delicate chiaroscuro achieved by Gandolfi. It is probably the artist's masterpiece. The surprise, the condition and the beauty sent the Saint's image climbing to \$728,500, 11 times the highest price anticipated by Christie's. Battle-hardened professionals, including those with a deep love of the art, like Luca Baroni of London, who stood next to me, incredulously laughed.

From a dealer's perspective, such a

figure for a painting by a minor master, however enchanting, makes no sense.

It does, however, if you are a millionaire unconcerned about the chances of getting your money back. With supplies drying up, the opportunity of acquiring a newly discovered gem even from a minor master is not to be passed up lightly.

That determination to go after the greatest paintings by masters of lesser repute or stature had an impact on every school. It boosted the remarkable portrait of a surgeon done in the 1660s by Carlo Maratta, a Roman artist best known for his religious and historical compositions.

At \$420,000, the portrait of a surgeon, done in a manner that points to striking affinities with Dutch portraiture, went for almost double Christie's high estimate. It was worth every penny. The penetrating psychological study of the sitter seen flippantly twiddling his scalp between two fingers and turning his head to give the viewer a searching look, with the thinnest suggestion of a smile on his pressed lips, is not easily forgotten.

This is one of Maratta's greatest portraits and the prospects of getting another Maratta of that caliber are slim.

Similar thinking had an even more spectacular impact on a very different artist, Hubert Robert. Known for his imaginary views incorporating architectural elements, Robert's work is in the best of circumstances ornamental with a light-hearted touch.

"Famille Egyptienne" is different. With its huge pyramid cut off by the upper edge of the canvas and its two equally enormous obelisks that make the pageant of humans at the base of the pyramid look like beings from the land of Lilliput, it has a visionary quality. The unconventional Robert gracefully flew to a world record \$1.1 million.

The last-chance factor? Undoubtedly, and one that particularly affects French 18th-century painting, which is currently making a spectacular comeback. Witness another world-record price, \$2.2 million, paid an hour and a half later for Fragonard's "The Fountain of Love."

This is one of the French artist's strangest compositions. A young couple whose nudity is enhanced rather than covered up by their white muslin tunics inspired by Ancient Greek costume rushes forward, avidly seeking to drink the potion of love from a shining bronze bowl held out by a putto. The chiaroscuro, the ill-defined brown clouds floating in the background as light from some invisible sources falls on the couple, point to the admiration felt by the frivolous French painter for the tragically profound Rembrandt.

The appearance in Christie's sale of the forgotten Fragonard — known only through a black and white photograph predating the early 1920s, when it was bought by John N. Willys of Toledo,



"Saint Rufina" by Velazquez was once called a Murillo, but buyers went along with the new attribution endorsed by the nabobs of Christie's.

Ohio — caused a sensation. The catalogue describes it as an "autograph replica" of virtually identical dimensions to the original in the Wallace Collection of London. That characterization might have harmed it a decade ago when only primary versions were held to be imbued with any artist's creative impulse.

On Jan. 29, the room considered only the beauty and the rarity, tossed aside conventional prejudice, and turned the "replica" into the artist's record picture.

FASHIONABLE as 18th century painting from France may be once again, it was left to Spain to bring the sale to its shining conclusion.

A very unusual picture by Tomas Hiedes, which could serve as an allegory to art buying, intrigued professionals and collectors alike. A monkey sits in an enclosed garden, perched on a stump amid beautiful potted flowers. Beyond a high fence, a strange milky mist rises. In one corner, an apple tree offers its temptations. There is a lot more to this composition of which the symbolism has yet to be fully eluci-

dated. Crisply painted in strong colors, it shot up to \$574,500.

And finally, there came a Velazquez. Until recently, this portrait of a girl looking barely 12, with an expression of sad, tremulous resignation, was called a Murillo. But "Saint Rufina," so identified by the long palm that she holds up, has an austere dignity, an aloofness that rather points to Velazquez. Would buyers go along with the new attribution endorsed by the current authorities on the subject?

A \$3 million estimate, unprinted but quoted on request by Christie's, might have discouraged bidders. It seemed to suggest that the auction house halfheartedly subscribed to the latest swing of scholarly opinion — if a Velazquez without any reservations, this was a \$7 million to \$8 million picture. To today's shrinking market, unwarranted doubts are promptly cast aside.

Sure enough, bidders — four of whom were still battling up to \$5 million — eventually ran it up to \$8.1 million, \$8.9 million with the sale charge. "Saint Rufina" now holds the record for a Velazquez. This makes one wonder how high a Velazquez that is not a former Murillo might rise.

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EDITORIALS/OPINION

Herald Tribune

PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

Countdown to Censure

The fact that 25 Republicans joined with Democrats to vote against calling Monica Lewinsky for live testimony means that the Senate is intent on ending President Bill Clinton's impeachment trial. That 70-to-30 vote also suggested that the majority leader, Trent Lott, feels he has stretched things out long enough to placate hard-liners in his party.

Shortly after the vote was taken, Mr. Lott authorized another conservative Republican, Senator Bob Bennett of Utah, to approach pro-censure Democrats about drafting a bipartisan resolution that would attract some Republican co-sponsors. The real action now is taking place in party caucuses and behind-the-scenes negotiations over how to frame a censure resolution that will carry most of the Democrats and at least a handful of Republicans.

The alternative Republican plan to substitute a "finding of fact" for censure has died for lack of support within the Republican caucus.

That plan was offered in good faith by Senator Susan Collins of Maine. Her draft description of Mr. Clinton's false testimony under oath and his attempts to impede justice is supported by the evidence. But her plan to bifurcate the final vote into separate ballots on the evidence and on removal is constitutionally unsound and offended a bipartisan bloc of strict constructionists.

The outcome will be determined by another bipartisan bloc — moderates on both sides of the aisle who want to go down in history as being opposed to Mr. Clinton's irresponsible conduct and as being un-hypocritical by his lies. The jockeying over the language of the censure resolution and the mechanics of introducing it will be intense. Two Democrats, Daniel Patrick Moynihan and Dianne Feinstein, were shopping a draft that condemned Mr. Clinton's actions as "shameless, reckless and indefensible."

The White House would bless that language in a minute, but it is too soft to attract sufficient Republican support. Mr. Bennett and other Republicans willing to sign on to censure rightly will insist on language reflecting the reality that Mr. Clinton knowingly did lie under oath and that he did tamper with evidence and witnesses and attempt to impede the lawful progress of a civil rights suit.

These factors dictate a semantic balancing act. Once the language is toughened to conform with the facts of presidential misconduct, a few Democratic loyalists will drop off. But the stiffer censure, if carefully crafted, will pick up a few extra Republicans beyond those needed for a minimal bipartisan majority of 45 Democrats and six Republicans.

Mr. Lott is searching for a parliamentary map as well. Mr. Moynihan has suggested an adjournment in the trial early next week.

During that break the Senate would go into legislative session to pass a censure resolution. With that on the record, the Senate would then go back into trial session and vote down the articles of impeachment.

That scenario may be too complicated, but the Senate is at the point where two powerful political desires are driving its members toward devising some sort of deal plan.

They want the trial to end swiftly without removal of the president. Moreover, most Democrats, looking to their own futures, want to go on record as condemning Mr. Clinton. But they will have no business with the Republicans, who are right on a key point. Mr. Clinton did not simply misbehave. He committed serious offenses that, while not rising to the level of removable high crimes, must be permanently recorded as base and calculated offenses against the rule of law.

—THE NEW YORK TIMES.

Unwelcome Azerbaijani Offer

Seven years ago, a newly independent Azerbaijan emerged from the Soviet Union. Now Azerbaijan is offering to be host to the first American military base on former Soviet territory. Washington should pass up the offer.

Basing American troops in Azerbaijan would needlessly complicate relations with Russia, Armenia and Iran. It would also bring the United States into too close a military relationship with Azerbaijan's autocratic ruler, President Heydar Aliyev.

Washington already has significant security ties with Azerbaijan through NATO's Partnership for Peace and a defense cooperation agreement. But some in Congress are pressing for even closer military cooperation, like the transfer of excess Pentagon equipment. The idea is to build up Azerbaijan and other former Soviet republics as buffers against potential future threats from Russia or Iran. Many energy companies, seeking con-

tinued access to oil reserves, also advocate closer ties.

But Washington must be cautious in deepening its military involvement. Azerbaijan and Armenia remain enmeshed in a conflict over the disputed territory of Nagorno-Karabakh, now occupied by Armenia.

Washington should remain neutral and try to mediate a political settlement. Instead Mr. Aliyev is courting an American military presence to offset the military support Russia gives Armenia.

Azerbaijan also fails to meet minimal standards of democracy and human rights. Detainees are tortured, demonstrations suppressed and journalists arrested. Last year's presidential election got failing marks from international observers.

Azerbaijan must improve in these areas and resolve the Nagorno-Karabakh dispute. Closer American security links can wait until it does.

—THE NEW YORK TIMES.

Campaign Finance Delays

Dennis Hastert, the new House speaker, has taken a position whose likely effect, if it prevails, will be to kill campaign-finance reform in Congress. The House passed a strong campaign-finance reform bill last year. The vote of 252 to 179 was an extraordinary parliamentary event. A majority that included 61 Republicans had to seize control of the House to record its approval over the opposition of Mr. Hastert's predecessor, Newt Gingrich, and the rest of the Republican leadership.

The bill is ready to be passed again. The drafting was done long ago; the votes are there. But Mr. Hastert indicated that he was inclined to delay it in order to come up with "something that I think is fair," and in the meantime to concentrate instead on Social Security, health care, tax and related issues. No matter that none of those is likely to be ready for floor action for months. Delay always has been the weapon of choice against campaign-finance reform.

The effect this year will be all the greater. It is not just that by delaying the bill Mr. Hastert would make it easier for opponents to use the clock to kill it. Nor is it just that consideration would be kicked over into an election year, when the last thing members of either party want to talk about is a set of rules that might cost them campaign funds. In next year's election, far more will be

in play than usual — not just the presidency but, perhaps, control of both houses. Both parties already are raising money in ways that are likely to make the timing of the campaign laws in 1996 seem like Little League.

Soft money is the main problem — the use of the parties to raise and spend in behalf of their candidates money that by law the candidates are forbidden to raise and spend themselves. That is the open evasion of the law that last year's House bill would forbid. In 1996, the parties raised three times as much soft money — \$250 million — as in the presidential election before. In the recent midterm election, Republican committees raised 112 percent more soft money than in the midterm election before. The Democrats were up 82 percent. It is not an exaggeration to suggest that the government is likely to be bought next year.

If not, it will not be for lack of trying. Quick action on campaign finance could forestall that. One of the things that is thought to have hurt the Republicans in the last election was last year's miserable legislative record, which delay of this bill would perpetuate. The majority forced consideration of campaign finance last year with a discharge petition. Do they have to go through that again?

—THE WASHINGTON POST.

It's Not Too Early for a Final Settlement for Kosovo

By Bob Dole

WASHINGTON — This weekend, Serbian officials and ethnic Albanian leaders are meeting in France as part of a U.S. and European push to end the conflict in Kosovo. It is too early to say that this effort will halt the fighting, let alone lead to genuine peace. But it is not too early to figure out what it will take to reach and implement a fair, democratic and lasting settlement.

First, the United States needs to remember how it got here and who started this mess. No matter how some of America's allies try to muddy the waters, the fact is that the same man who started the war in Croatia and Bosnia and Herzegovina started this one: Slobodan Milosevic. It was his brutal, decade-long repression of the 2 million Albanians in Kosovo that finally provoked an Albanian insurgency. We have long known that Mr. Milosevic stays in power by fomenting instability. His methods are violent and, as we recently witnessed in the massacre at Racak, his preferred victims are not soldiers but innocent men, women and children.

Second, the United States needs to keep in mind that no matter how much it would like to share the burden of the Balkans with its NATO allies, without U.S. leadership and the application of U.S. principles, there is little likelihood of a just and sustainable settlement. America's European friends have historical prejudices that prevent them from being honest brokers.

For example, the French have had close ties with the Serbs since the end of the last century and, even in the face

of Serb-sponsored genocide, have advocated leniency in dealings with Mr. Milosevic.

More important, America must insist on democratic practices and democratic self-government for the Albanian majority in Kosovo. Any agreement must allow for free and fair elections to be held, the provision of civil and political rights to all citizens of Kosovo and the protection of minorities, including the Serbs. The Albanians must be able to exercise genuine self-government and be represented in Yugoslav federal institutions.

Next, as the very recent lesson of Bosnia continues to demonstrate, clarity in agreement language and obligations is essential to the smooth implementation of a settlement. The Dayton problem areas in Bosnia have most often been those in which the language of the treaties and annexes has been unclear or where responsibilities have been shared in a vague manner. One way to ensure a better understanding is to allow the Albanians — who unlike the Serbs are inexperienced negotiators and beset by divisions — to be assisted by international experts.

In addition to the duties of the parties, international obligations must also be absolutely clear. In the Dayton annex related to international force deployments, NATO-led forces were empowered, but not required, to arrest war

criminals and protect refugees or displaced persons who wanted to return to their homes after the war. As a result, NATO troops have not only failed to arrest the top Serbian war criminals, Ratko Mladic and Radovan Karadzic, but have actively avoided encountering them. At the same time, more than a million Bosnians have been unable to return to their homes, especially in the Bosnian Serb republic.

Negotiating a clear agreement may be more difficult and time-consuming, but vagueness and avoidance of the tough, but most critical issues, guarantee problems down the road.

Another lesson of Bosnia is that it is essential to create a safe environment — safe for American and international forces and safe for civilians. At present, there are more than 20,000 Serbian police, paramilitary and army forces in Kosovo. The current draft, to be presented at the Rambouillet talks, allows 2,500 Serbian police forces to stay in Kosovo. This means a 2,500 percent increase in risk for American and NATO forces. Furthermore, given that the Serbian police were Mr. Milosevic's main tool of violent attacks against Albanian civilians, there is little chance that Albanians who have fled their homes in fear will risk their lives by returning to areas where Serbian police officers are present.

If the United States seeks to minimize its troop commitment, and to avoid obligations to assist in refugee resettlement, it will need to make sure that the environment is as safe as pos-

sible. The presence of Serbian forces benefits no one except Mr. Milosevic. A zero-tolerance policy for all Serbian forces and Albanian paramilitary forces is the only way to make Kosovo safe and secure.

Finally, the United States must ensure that any agreement reached in France will have built within it a real exit strategy. If this is truly to be an interim agreement, there must be a date certain for a referendum on Kosovo's final status. Also, the terms of the referendum must be established in advance and the results must be binding. A referendum should include all three options: Maintaining Kosovo as an autonomous province in federal Yugoslavia; giving it third-republic status; and independence. The Serbian and/or Yugoslav governments must not be allowed to veto the results of this referendum, or it will be rendered meaningless — or, even worse, will invite more violence.

The task ahead is not easy, but it is achievable if effective diplomacy is backed by the credible threat of the use of NATO force.

Dayton would not have come about without the U.S. Congress's voting overwhelmingly to lift the arms embargo against the Bosnians and NATO, in turn, deciding instead to bomb Serbian targets. U.S. leaders and NATO must now show the same resolve.

The writer, the Republican presidential nominee in 1996, contributed this comment to *The New York Times*.

U.S. Troops Must Be There in Force and Prepared for a Long Stay

By Tim Judah

LONDON — As negotiations begin peace talks on the status of Kosovo, General Henry Shelton, the chairman of the Joint Chiefs of Staff, has started the U.S. Congress with the news that a "very low" number of American troops might soon be sent to the region. It should not have come as such a surprise.

Over the last two months, as it has become clear that a NATO-led peacekeeping force would eventually have to be sent to Kosovo, it has become equally clear that such a force would have to include American troops. The experience of Bosnia teaches that a force whose main members are Europeans lacks essential political components.

It would leave room for doubt about a general Western commitment to end the war. It would risk of what is being called "NATO lite." It would also leave room for the parties to maneuver and manipulate, and so to reopen all the di-

visions and vulnerabilities that almost brought NATO to its knees during the Bosnian war.

During the Bosnia conflict, every time something awful happened, the cry went up in Washington: "Bomb the Serbs!" Until after the Dayton accords of 1995, the United States had no troops in Bosnia, and no potential hostages.

Meanwhile, the largely European United Nations force was constantly under sniper fire, and hundreds of its troops were used as human shields by the Bosnian Serbs toward the end of the war.

To its European allies — as well as to the warring factions in the Balkans — the American government gave an impression of hypocrisy and weakness, of wanting to fight the war in Bosnia down to the last British or French soldier. Leaders in London and Paris are determined never to put themselves in that situation again,

even if their nations' troops are wearing NATO helmets rather than United Nations ones.

Besides these European governments, Kosovo's ethnic Albanians themselves are demanding that American troops be included in any peacekeeping force. They believe that the Serbs will be discouraged from trying to take advantage of any force that includes Americans.

That view was reinforced last year after two French Army officers, who were allegedly pro-Serb, were accused of leaking classified NATO information to Belgrade. As one member of the Kosovo Liberation Army's de facto cabinet put it, "The French are no better than the Russians."

From the purely military point of view, the American intelligence-gathering capacity is a much-needed asset. In Bosnia, the Americans never exploited the full potential of their satellites and other spy tech-

nology until their own troops were at risk on the ground.

The presence of American troops in any NATO force would carry real psychological weight for the various local factions, and I do not mean in a merely symbolic sense. In the weeks and months after the entrance of American troops into Bosnia, after the Dayton accords, no one there could fail to be impressed by the sheer intimidating, physical presence of the United States military.

I remember how the American bases bristled with vast quantities of lethal hardware, how their tanks dwarfed anything driven by the locals. The message was clear: Do not mess with us. And it has worked. The United States has not suffered any casualties in Bosnia.

In fact, that tough message was reinforced by the Dayton agreement, which gave NATO virtual carte blanche to enforce its will in Bosnia.

Much as the Serbs may resent it, it is assumed that the

Western powers will demand the same in Kosovo.

If the talks outside Paris result in an American force going to Kosovo, surely some critics in Congress and elsewhere will demand to know when those troops will be coming home. They should be prepared to wait a long time.

American soldiers have been stationed in Europe, with good reason, for more than half a century. If a small fraction of them have to sit, for the next generation, doing a far more useful job in the Balkans than they can possibly do today in Bavaria, then so be it.

An enforced, unhappy peace in Kosovo — like in Bosnia — is better than an endless war that might spread.

Mr. Judah, author of *"The Serbs: History, Myth and the Destruction of Yugoslavia,"* covered the war in the Balkans for *The Economist* from 1991 to 1995. He contributed this comment to *The New York Times*.

Did an American General Give Comfort to Saddam?

By A.M. Rosenthal

NEW YORK — The timing was magnificent. As Secretary of State Madeleine Albright was crisscrossing the Middle East to round up support for the administration's policy of helping the Iraqi opposition overthrow Saddam Hussein, the American general commanding U.S. forces in the Middle East was once again proclaiming that the idea stinks.

Magnificent, that is, for Saddam. In one winter, first he destroys the UN arms inspec-

tion commission. Then he surges ahead in the Middle East political war eight years after he lost the military war to U.S.-led forces. And now, unexpected desert, along comes the United States to prove it did not have either policy to deal with his resurgence or a president who could command a commander.

It must be delectable humor for Saddam to listen to General Anthony Zinni, the Marine

Corps commander and the ranking U.S. general in the Middle East, put down the Clinton administration by saying that a "weak, chaotic and fragmented Iraq is more dangerous than a combined Iraq, and totally dismiss the Iraqi opposition."

That leaves Saddam to wonder which policy, if any, Wash-

ington would use to try to deal with Iraq, and which American, if any, is in charge.

The last time Saddam misunderstood what a U.S. message was trying to tell him was about invading Kuwait. He guessed wrong, invaded and created a war that still bedevils and threatens the United States, Israel and other targets for the mass-death weapons that are his paramount goal.

Imagine all the mixed signals U.S. officials concede he is getting now. Imagine the lives Saddam can take if he picks a signal that convinces him that America's government is so unsteady and divided that he can strike again.

General Zinni's claim that a weak, fragmented Iraq, presumably after rebellion, is more of a danger than a combined Saddam is not information. It is an opinion that much of the administration rejects.

The removal of Saddam might give Iraqi opposition minorities some of their lands to live in, with a taste of freedom — but the horror of it all escapes me. The State Department is said by an anonymous official to disagree with the general, and finds his comments neither helpful or pleasing.

One way for the administration to deal with General Zinni's persistent public den-

igrating of administration planning, what there is of it, is to use presidential power to fire him.

That might convince Saddam, our enemies and our occasional allies at the UN that the United States is still brain-alive about the Iraqi danger and perhaps capable of creating a united policy to deal with it.

What about the general's own rights? If the president does not want to remove him, can the government decently reduce his ability to speak his mind on policy dangers he may see?

Yes. General Zinni chose a career that does control that right and often reduces it — in public. In private meetings, civilian, military or mixed, he has the duty to speak fully. Before congressional committees, he can request private sessions on matters he thinks might damage American interests, which some of his comments do.

If stifling some of his opinions in public damages his own sense of duty, he has an honorable way out, too little chosen by U.S. officials. He can resign and speak up. That should satisfy his own sense of duty — and not confuse the Iraqis into another disaster for them and the countries Saddam stalks.

—THE NEW YORK TIMES.

U.S. Has to Lead in Market Reform

By Tom Plate

DAVOS, Switzerland — A battle is brewing over reform of the world economy, and the United States may wind up on the wrong side of the fight.

The debate involves whether the financial crisis in Asia and South America raises an urgent need for major reforms of the international capital-flow system. At Davos, which hosts the annual meeting of the World Economic Forum, the position of the United States came across as critical about what has been done in response to the Asia crisis, even by the widely criticized IMF.

This was especially true of the U.S. Treasury secretary, Robert Rubin, who said, "On balance, the international community, including the IMF, has made sensible judgments in confronting these complexities."

While Mr. Rubin did not rule out reform, the tenor of his address was less of mounting concern than of caution. Washington's lack of enthusiasm for financial innovations generally speaks death. And, in front of an assemblage of business chiefs, world leaders, intellectuals and academics, Mr. Rubin pretty much dumped all over proposals to impose controls on short-term foreign cash investments, in foreign stock and national currencies, that can be removed from a country overnight. This phenomenon has been identified as a precipitant of the world's currency crises.

Not surprisingly, much of

the rest of the world regards major financial reforms as matters of global urgency.

Guillermo Ortiz Martínez, governor of the Bank of Mexico, predicted that the people of the world would be increasingly turned off by the ill side effects of a globe ever more economically intertwined: "It is difficult to explain to a Mexican housewife why she has to pay higher interest rates on her housing loan because Russia has defaulted."

An anti-globalization bomb is building up and may explode unless President Bill Clinton convinces his Treasury secretary that America has to do more than shoot down every reform idea.

America's lack of urgency was on evident display when, in a panel on corporate responsibility, the heads of McDonald's and Coca-Cola left many in the audience frustrated with their bromide expressions of minimal social responsibility. These CEOs had little to offer that was new to an audience that knows full well that Mr. Rubin is unlikely to get cracking on world reforms unless the U.S. corporate world lights a fire under him. Even with their limited ethical vistas, corporations will find it in their financial interest to take a more active role in helping America do better than rely on what George Soros dangles as "free-market fundamentalism."

The longer they support the

status quo on reform, the more they will put at risk the functioning of the world economy as foreign markets vaporize.

The day, if not the conference, was saved by a moving address from Nelson Mandela. The South African president, who is stepping down later this year, had words of rebuke for those who are prospering from the current turmoil: "Is globalization only to benefit the powerful and the financiers, speculators, investors and traders?" he said. "Does it offer nothing to men, women and children who are ravaged by the violence of poverty?"

Mr. Clinton needs the passion of Mr. Mandela if U.S. antipathy to reform is not to block progress. Everyone at this conference understood that the United States remained the only country capable of providing the leadership needed to tackle what even Mr. Rubin admitted was "the most serious financial crisis of the last 50 years." But towering problems require large and innovative actions by determined and committed minds. The Clinton administration needs to understand that a do-nothing attitude about worldwide currency flows and pat, sit-tight pure-market policy proposals for almost every global financial problem will put it in history's dust. America must regain momentum on this issue — or the moment for worldwide reform will be lost.

—Los Angeles Times Service.

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1899: Manila Attack

WASHINGTON — Intense excitement has been aroused here by the dispatches from Manila announcing the outbreak of hostilities between the American and the insurgent forces. The Government has known for weeks past that a crisis was imminent. Aginaldo's Washington representative recently warned the Government that if any American reinforcements landed the native army would attack them.

1924: German Affront

WASHINGTON — The German Embassy failed to half-mast its flag and did not join in tokens of respect to the memory of the man who was Chief Executive of the American nation during the World War and whose effort in sending an army abroad resulted in the defeat of Germany in that conflict. Baron Leopold

Plessen, Third Secretary of the Embassy, said: "The German Government considers the late Mr. Wilson a private citizen. Therefore it instructed the Embassy to refrain from any official display of mourning."

1949: Hunting Rights

FRANKFURT — Bavarian aristocrats are up in arms because of an American Military Government order to "democratize" the sport of hunting. Baron Wolfgang von Beck, chief of the Bavarian State Hunting Department, resigned, permitting every German over eighteen the right to hunt and fish makes "a cheap business of what used to be a sport and recreation," he said. Formerly licenses to shoot and fish were the exclusive prerogative of the upper classes. Baron von Beck is also angered at the proviso which permits American occupation soldiers equal rights with Germans in this sport.

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War for Kosovo

The presence of Serbian forces in Kosovo is a major obstacle to any peace plan. A peace plan for all of Kosovo is the only way to make Kosovo safe and secure.

Finally, the United States must ensure that any agreement reached in Kosovo will have built within it a real peace plan. If this is truly to be a peace plan, there must be a date for a referendum on Kosovo's status. Also, the terms of the referendum must be established in advance and the results must be binding. A referendum should include all of Kosovo's provinces in federal Yugoslavia, giving it third-republic status and independence. The Serbian government must be allowed to veto the results of the referendum, or, even worse, will have no voice.

The task ahead is not easy, but it is achievable if effective diplomacy is backed by the credible threat of the use of NATO force.

Dayton would not have come about without the U.S. Congress's voting overwhelmingly to lift the arms embargo against the Bosnian and NATO. In turn, deciding instead to bomb Serbia targets, U.S. leaders and NATO would now show the same resolve.

The writer, the Republican presidential nominee in 1996, contributed this column to The New York Times.

War for a Long Stay

Western powers will demand the same in Kosovo. If the talks outside Paris result in an American force going to Kosovo, surely some critics in Congress and elsewhere will demand to know when those troops will be coming home. They should be prepared to wait a long time.

American soldiers have been stationed in Europe, with good reason, for more than half a century. If a small fraction of them have to sit, for the next generation, doing a far more useful job in the Balkans than they can possibly do today in Bosnia, there is no problem.

An enforced, unhappy peace in Kosovo — like in Bosnia — is better than an endless war that might spread.

Mr. Juchacz, author of "The Balkan Wars," contributed this column to The New York Times.

War to Saddam?

igniting of administration planning, what there is of it, is long overdue. The president's power to fire him is long overdue. The president's power to fire him is long overdue.

What about the general's own rights? If the president does not want to remove him, can the government's decision to reduce his pay be challenged? The answer is yes.

Yes, General Zinni chose a career that does not end at a right and often receives a high salary. In private, he is a man of duty, but he has no sense of duty. He can be removed by U.S. officials. He can be removed by U.S. officials.

That should be the end of the matter. He should be removed by U.S. officials. He should be removed by U.S. officials.

The writer, a former U.S. official, contributed this column to The New York Times.

1949: Hunting Rights

Frankfurt, Germany, is up in arms because of an American military base. The base is up in arms because of an American military base.

The writer, a former U.S. official, contributed this column to The New York Times.

Keeping Up Appearances Plant to Make, Not Mix, Mercedes and Jeeps

By Anne Swardson
Washington Post Service

GRAZ, Austria — Auto factories are not usually known for their fashion colors. But here, every machine and tool along the loudly hissing assembly line bears a strip of pale-green tape or paint. Starting in May, a new assembly line will start up in concert with the first one — and all of its components will be accented with blue stripes. Where the two lines merge, as they will in some places, the equipment will be coded red.

One hopes none of the workers here is colorblind. The difference between green, blue and red is the key to how DaimlerChrysler AG is coping with one of the hardest parts of any corporate merger: combining what needs to be combined while keeping separate that which should be apart.

This factory is the first concrete example, the first industrial manifestation, of the largest consolidation in auto-making. Now almost three months old, the takeover by Daimler-Benz AG of Chrysler Corp. has been largely spent juggling various departments of the German giant and its American acquisition. Starting in spring, its workers will begin welding cars together.

The new, time-coded assembly line will produce the Mercedes M-class sport-utility vehicle. The existing, green one will continue to make Jeep Grand Cherokees developed by Chrysler.

The process of integrating the companies is well under way. It involves a dizzying array of task forces, reports, flights across the Atlantic, video conferences and electronic mail.

But there are pieces of this corporate combination that remain extremely ticklish, and so-called brand values are one of them. Mercedes, arguably the world's best-known luxury car, risks its image if it bobs too closely with Chrysler products. The goal of the joint production is to increase efficiency and cut costs. The trick is making sure consumers know that nothing Chrysler-ish can leak into anything Mercedes-ish as a result of the blended production.

In the language of carmakers, DaimlerChrysler wants "to find synergies without losing any brand values," said Joachim Schmidt, senior vice president for sales and marketing at Mercedes.

"From a brand-positioning point of view, Mercedes is the top offer," he said. "I can tell you our brand identity is sacred," said Juergen Schrempf, co-chairman, at the DaimlerChrysler economic forum this month. In its 40-page "brand bible," DaimlerChrysler stipulated there will be no joint dealerships between Mercedes and any Chrysler products. Nor will there be any sharing of platforms, or the architectural underpinnings. Major innovations — new air bags or braking systems — will be brought to market by Mercedes first.

Despite these distinctions, the combined company has to combine some operations to make the acquisition worthwhile. DaimlerChrysler is projecting \$1.4 billion in synergies in 1999, which is one reason for the changes at the factory here in Graz, the second-largest city in Austria.

The Steyr-Daimler-Puch AG plant was making both Chrysler and Mercedes products under contract before Mr. Schrempf thought of buying Chrysler — in separate buildings, of course.

Now, with European demand for the M-class so high it cannot be filled by the Mercedes factory in Tusculoo, Alabama, the Graz factory will pioneer the art of making two distinct cars on, partly, the same assembly line.

Executives list the many ways in which their production and purchasing systems will keep the two models from mingling: Paint colors will be different, with the exception of black. Components are classified as things that cannot be mixed up (doors), things that prob-

ably cannot be mixed up (hoses) and things that need major error-proofing to prevent mix-ups (fasteners).

The process will be filled with backstops, said Gary Cash, the top DaimlerChrysler manager at the plant, with electronic sensors reading body styles and bar codes to make sure the right operation is being performed on the right brand.

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DaimlerChrysler's Graz Plant
Location: Graz, Austria
Employees: 4,757 (600 of them engineers)
1998 revenue: \$550 million
1998 profit: \$70 million
Mercedes-Benz (since 1975)
Chrysler (since 1998)
Jeep Grand Cherokee (1998)
Mercedes-Benz E-Class (1998)
Mercedes-Benz S-Class (1998)
Mercedes-Benz C-Class (1998)
Mercedes-Benz G-Class (1998)

A Jeep Grand Cherokee rolling down the line at the Graz plant, which will begin producing Mercedes M-class four-wheel drive vehicles, too, in May. To avoid any confusion of parts or procedures between the two DaimlerChrysler models, most paint colors will be separate, machines are color-coded, and an array of electronic sensors will monitor bar codes and auto body styles.

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Strong U.S. Job Growth Keeps Economy Rolling

Compiled by The Staff From Dispatches

WASHINGTON — The U.S. unemployment rate held steady at 4.5 percent in January, the Labor Department said Friday, with the economy adding a higher-than-expected 245,000 jobs, a sign that the expansion is on track to continue in the months ahead.

"This is an economy with significant momentum," said Diane Swonk, deputy chief economist at Bank One Corp. in Chicago. "Everyone was expecting a slowdown, and now they may have to revise up their growth forecasts."

Job gains accelerated to an average of more than 273,000 in the past three months, government figures showed, up from an average of 219,000 in the previous three months. U.S. Treasury bond prices slumped on this sign of strength, which prompted concerns among some investors that the Federal Reserve Board may raise interest rates. (Page 10)

The central bank's policymakers decided at their most recent meeting, this week, to hold rates unchanged. But the Fed chairman, Alan Greenspan, expressed concern in congressional testimony last month that labor shortages would propel faster wage increases, which in turn would drive up inflation.

Bill Cheney, an economist at John Hancock Funds in Boston, said, "The traditional danger signals for the Fed, strong job growth and rising wages, are flashing, but I think the Fed is struggling because there still are no clear signs of inflation."

In December, employment gains totaled a revised 298,000, lower than the government's initial estimate of 378,000. The increase for November was revised higher by 26,000, to 277,000. Analysts had forecast job growth of 138,000 for January, based on the earlier reports.

The percentage of the U.S. population holding jobs increased to a record 67.4 percent in January, which Michael Englund, chief economist at Standard & Poor's MMS unit, called another big lift for the economy.

Based on the report, Mr. Englund increased his forecast for first-quarter growth to a 2.8 percent annual rate from 2.5 percent. "Americans have jobs and they're going to keep spending," he said. "It's pretty hard to see any slowdown."

According to the commissioner of the Bureau of Labor Statistics, Katharine Abraham, the job gains in January were led by services. Engineering and management services continued their strong growth, with payrolls rising by 27,000 and 17,000 jobs, respectively.

Finance and real estate each added 11,000 jobs. Retail employment rose by 30,000. Payrolls increased by 13,000 at trucking companies, 11,000 at communications companies and 36,000 in local government.

The booming construction industry added a seasonally adjusted 15,000 jobs even though severe weather in the Midwest and Northeast halted some work. Since September, construction has added 184,000 jobs.

But job losses continued in manufacturing. Payrolls fell by 13,000 jobs, bringing the total drop since last March to 285,000, reflecting the loss of export sales to troubled economies, principally in Asia. (Bloomberg, AP)

ECONOMIC SCENE

IOC Bribery: Just Business?

No Shock in Asia, but New Global Rules Are Pending

By Philip Segal
International Herald Tribune

HONG KONG — As the Olympics bribery scandal deepens daily, with new revelations about money and favors exchanged for influence, executives doing business in Asia are asking what all the fuss is about.

Corporate sponsors of the Olympics have reacted with outrage at revelations of bribery in exchange for votes by members of the International Olympic Committee on where to hold the Games.

The scandal has led to a series of resignations from the IOC and the U.S. Olympic Committee, as well as from the committee organizing the 2002 Winter Games in Salt Lake City, Utah. It has spread to the bidding that awarded the Games to other cities.

But the Olympics now bring millions of dollars in revenue to a successful bidding city, so many here it does not come as a surprise that bribery happens just as it does every day in much of the business world.

"It's impossible to be shocked by it if you know anything about business anywhere, and certainly international business," said Bruce Wimmer, regional general manager for Pinkerton Asia, a subsidiary of Pinkerton's Inc., the U.S. security and investigative company.

Salt Lake City may have provided cash, trips, scholarships and other benefits to people charged with voting on where the 2002 Winter Games would be held, but such practices — while banned for U.S. companies abroad by the 1977 Foreign Corrupt Practices Act — are still common throughout much of Asia and other parts of the world among both European and American companies.

Starting Feb. 15, however, the rest of the developed world will have to play by roughly the same rules as the United States, when a

convention against foreign bribery agreed upon by the 29-member Organization for Economic Cooperation and Development comes into effect.

"The spectacle of cities bribing to win the 'business' of the Olympic Games lays bare the methodologies of international business against which our organization has been constantly campaigning," said Peter Eigen, head of the anti-corruption group Transparency International, based in Berlin.

How different is what Salt Lake City is alleged to have done from the common practice of paying for a simple meeting with government officials in China by companies that are eager for crucial licenses to operate their businesses?

"You hear all big cities in China charge fees to see people — \$10,000 to the mayor," said an American consultant in Hong Kong who advises businesses on dealing in China. "Those stories are endemic. You have to imagine that companies deal with this in some way."

Some of the criticism of Salt Lake City involves lavish trips and entertainment for IOC members and scholarships for their children. But this, too, is common practice in Asia, especially because it is a convenient way for companies banned from making cash bribes to gain the favor of important decision-makers in their country of business.

"In China, the most dominant form of bribery is no longer cash payments," said Shengjin Wei of Harvard University's Kennedy School of Government, one of America's foremost authorities on corruption. "More likely it's organized, expense-paid trips to corporate headquarters via Los Angeles or Las Vegas. That can easily be counted as a legitimate business expense. People also set up scholarships."

See SCENE, Page 10

Brazil Markets Pan Economic Plan

Compiled by Our Staff From Dispatches

SAO PAULO — Financial markets in Brazil fell Friday after a government plan to stabilize the economy left it unclear how spending would be cut. Investors are concerned high interest rates will cause the country's debt to balloon.

After weeks of uncertainty about the course Brazil would pursue to stabilize its troubled economy, officials reached a revised agreement with the International Monetary Fund on Thursday night, pledging to enforce substantially greater budget discipline than originally promised and to keep inflation below 10 percent.

The benchmark Bovespa stock index tumbled 2.51 percent, or 217.46 points, to close at 8,435.48 after Brazil released few details as part of its pledge to the IMF, which also included vowing to narrow its budget deficit. The real also fell, with the dollar rising to 1.83 reals from 1.815 reals on Thursday.

"It is still not clear how the government will raise more money and keep inflation down without raising interest rates even more," said Bruno Rampazzo of Sul America Asset Management.

Companies are paying the price of the government's tattered finances as credit markets shut and demand evaporates. Brazil's determination to drive up interest rates to shore up the currency comes at the cost of further destabilizing the economy.

"It's a news conference Thursday night at the Brazilian Finance Ministry shortly before he concluded three days of negotiations here, the IMF's first deputy managing director, Stanley Fischer, said. "We have achieved the goals that we had in mind when this visit began, to set out a good framework for moving ahead."

The new agreement calls on Brazil to increase the independence of the central bank, to contain debt at a level below 45.6 percent of the gross domestic product, and to produce a primary spending surplus in the range of 3 percent to 3.5 percent this year, a substantial increase from the 2.6 percent surplus the original accord promised.

The primary surplus reflects government spending but not debt-service payments and is considered a barometer of Brazil's budget discipline.

Finance Minister Pedro Malan pledged Brazil would speed privatization in the energy and banking sectors, and said, "We reiterate our firm commitment to the agenda of reforms."

But he said the accord did not call for the privatization this year of Petróleo Brasileiro S.A., the state oil company, or of the Banco do Brasil.

The revised agreement was essential for the IMF to release the second portion of a \$4.15 billion standby loan pledged to Brazil in November, when this vast nation, one of the world's 10 largest economies and the leader of Latin America, began bemoaning dollar reserves as investors lost confidence in the nation's solvency.

Since then, the country's situation has only worsened. Dollar reserves sank to \$26 billion from \$72 billion, with \$17 billion leaving last month alone. Its currency lost approximately 30 percent in value against the dollar. Interest rates are at 39 percent and unemployment is at a record.

Separately, Brazil's trade deficit widened last month expected in January as exporters held off bringing dollars back into the country after a plunge in the Brazilian currency. The gap between imports and exports grew to \$754 million, compared with \$594 million in December. (Bloomberg, NYT)

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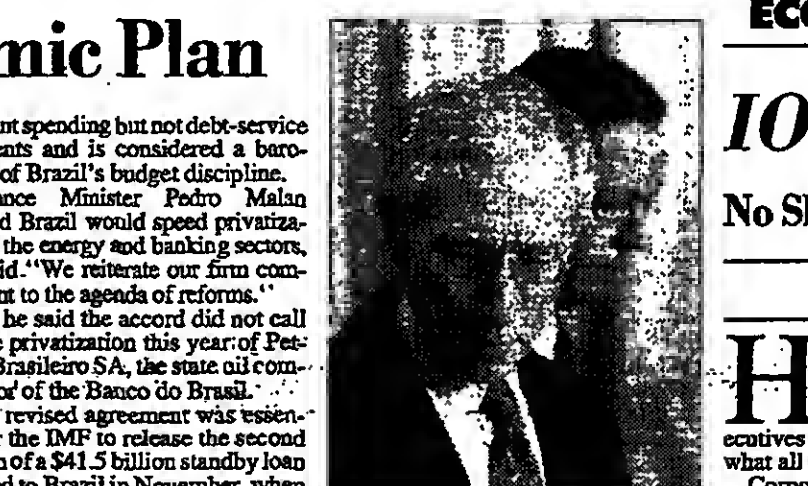
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Mr. Fischer of the IMF, left, and Mr. Malan after the talks.

Europe Mergers Confound Single-Currency Logic

By Alan Cowell
New York Times Service

DAVOS, Switzerland — His the European public began to turn against the wave of megamergers coursing through the Continent?

"That tantalizing question was posed last week by Rolf Ebneth, the head of Deutsche Bank AG, the largest financial institution in Germany."

The media have taken to depicting corporate leaders like him as megalomaniacs. Mr. Ebneth complained at the World Economic Forum, the privately financed annual gathering here of the world's financial elite, and politicians say, "Look what these managers do. They buy and sell companies like used cars."

A month after the debut of Europe's single currency, the euro, it is becoming clear that cross-border mergers within the 11-nation euro zone will play out in different rules than the deals that previously marked acquisition frenzy in Europe.

The pace of deals has accelerated, but not, as had been expected, across the now supposedly invisible financial frontiers between participants in the currency union. None of the big deals announced since Jan. 1 has crossed a border between euro nations.

The announcement last week of plans for a \$17 billion takeover of Paribas SA by Societe Generale SA reflected a belated French move to pursue the sort of consolidation of banking and financial services already familiar in Switzerland and some other countries in Europe.

But, like a notable nonbank acquisition announced last month, British Aerospace PLC's purchase of General Electric Co.'s Marconi defense electronics unit, it is a move within national borders.

Outside it, as Britain has not joined the single currency. The pharmaceutical merger that will create the giant AstraZeneca combines companies in Sweden and Britain. Sweden has also opted out of the euro for now.

Some deals, like the planned acquisition of Volvo AB's car division by Ford Motor Co., the DaimlerChrysler AG consolidation and Deutsche Bank's own deal to acquire Bankers Trust Corp., have been trans-Atlantic.

Many people argue that the logic of a euro zone is a single market of 290 million people, underpinned by a common currency and free of the risks of currency exchange. It will inevitably press companies to fuse across its internal frontiers for economies of scale, market dominance and cost savings.

Some saw the start of that process with the announcement in December of a partial merger between two pharmaceutical giants, Hoechst AG of Germany and Rhône-Poulenc SA of France.

But, like a notable nonbank acquisition announced last month, British Aerospace PLC's purchase of General Electric Co.'s Marconi defense electronics unit, it is a move within national borders.

Cross-border deals also have not been between one euro nation and another. The French giant AXA SA's announced takeover this month of Guardian Royal Exchange PLC brings together an insurer inside the euro zone and one

outside it, as Britain has not joined the single currency. The pharmaceutical merger that will create the giant AstraZeneca combines companies in Sweden and Britain. Sweden has also opted out of the euro for now.

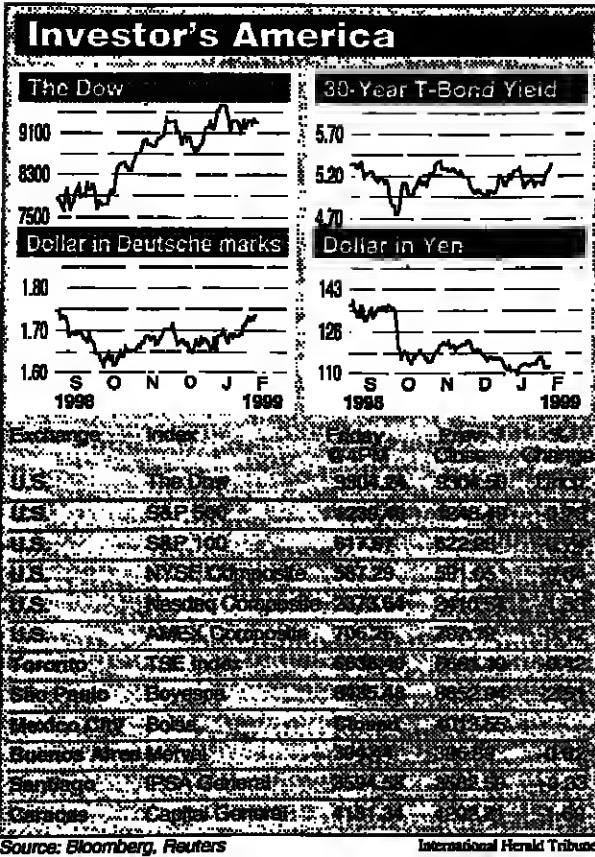
CURRENCY RATES

Currency	Per \$	Currency	Per \$	Currency	Per \$
Argentine peso	1,099.99	Hong Kong dollar	22.57	Netherlands guilder	3.76
Australian dollar	1.54	Indian rupee	46.45	New Zealand dollar	1.67
Belgian franc	1.33	Israeli sheqel	8.75	Philippine peso	54.80
British pound	1.65	Japanese yen	136.00	S. Korean won	170.00
Canadian dollar	0.68	Malaysian ringgit	2.36	Singapore dollar	1.36
Chinese yuan	8.27	Mexican peso	16.67	Taiwan dollar	36.70
Danish krone	6.56	Norwegian kroner	4.76	Thai baht	55.00
Deutsche mark	1.93	Portuguese escudo	200.48	Turkish lira	35.00
French franc	6.55	Romanian leu	16.67	U.S. dollar	1.00
Irish pound	7.88	Slovak koruna	100.00	Venez. bolivar	200.00
Italian lira	1,936.27	Slovenian tolar	200.48		
Japanese yen	136.00	Spanish peseta	166.64		
South African rand	6.50				

Currency	Per \$	Currency	Per \$	Currency	Per \$
Argentine peso	1,099.99	Hong Kong dollar	22.57	Netherlands guilder	3.76
Australian dollar	1.54	Indian rupee	46.45	New Zealand dollar	1.67
Belgian franc	1.33	Israeli sheqel	8.75	Philippine peso	54.80
British pound	1.65	Japanese yen	136.00	S. Korean won	170.00
Canadian dollar	0.68	Malaysian ringgit	2.36	Singapore dollar	1.36
Chinese yuan	8.27	Mexican peso	16.67	Taiwan dollar	36.70
Danish krone	6.56	Norwegian kroner	4.76	Thai baht	55.00
Deutsche mark	1.93	Portuguese escudo	200.48	Turkish lira	35.00
French franc	6.55	Romanian leu	16.67	U.S. dollar	1.00
Irish pound	7.88	Slovak koruna	100.00	Venez. bolivar	200.00
Italian lira	1,936.27	Slovenian tolar	200.48		
Japanese yen	136.00	Spanish peseta	166.64		
South African rand	6.50				

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194	25.365	85.0718	211.27	8.9991	75.9027
				\$2.993	---
302	5.8253	1.2368	6.6994	17.9.33	1.9.671
317	9.5228	2.8993	1.1.41	2.810.95	3.1.92
43	19.42	65.34	1.6126	6.58	57.61
				0.64	0.7657

THE AMERICAS



Very briefly:

- CBS Corp. posted a \$1 million net loss in the fourth quarter because of severance payments to former Chairman Michael Jordan and losses from the sale of stakes in two cable networks. A year earlier, it earned \$861 million. Excluding charges, the network earned \$7 million, against a loss of \$10 million a year ago.
- BP Amoco PLC plans to cut 1,500 management and non-management jobs, or almost 25 percent of the work force, in the Chicago area in the next 18 months.
- Motorola Inc. and Alcatel Alsthom agreed to cooperate on a joint research agreement that also requires the American cell-phone giant to buy approximately \$1 billion worth of products from the French maker of telecommunications equipment over the next four years.
- The FedEx Pilots Association approved a five-year contract with Federal Express Corp., after nearly six years of talks. The 3,600 flight crew members will get a 17 percent pay raise over the five years.
- Ziff-Davis Inc. plans to spin off up to 20 percent of the publisher's ZDNet on-line business by early next month via a public offering.
- AgrEvo, the agrochemicals joint venture of Hoechst AG and Schering AG, has withdrawn from an agreement to buy Cargill Hybrid Seeds from Cargill Inc.
- Canada's unemployment rate fell to 7.8 percent in January, its lowest level since 1995, as strong manufacturing growth helped create 87,400 jobs. The rate was 8 percent in December.
- Carrefour SA is spending 100 million francs (\$55.1 million) to build five supermarkets in Brazil this year, a Sao Paulo newspaper reported, reviving the French retailer's expansion plans.
- Gateway Inc. is expanding a Virginia plant and adding 1,000 workers to meet rising demand for its personal computers.
- St. Jude Medical Inc. agreed to pay \$167 million in cash for the Tyco International Ltd. Angio-Seal unit that produces artery-closing devices.

AP, Bloomberg, AFP, Reuters

U.S. Fed Resolves to Speak Clearly on Rates

By Richard W. Stevenson
New York Times Service

WASHINGTON — The Federal Reserve Board plans to be somewhat more open about its secret policy deliberations, saying it would signal more clearly whether it was leaning toward higher or lower interest rates.

Continuing a gradual shift toward greater disclosure, the central bank's policy-making Federal Open Market Committee said Thursday that it had made two changes to the way it will announce and describe actions.

The committee decided to drop oblique wording in the policy statement adopted at each meeting about the likelihood of future rate

increases or decreases and replace it with a more direct statement.

Instead of forcing readers to discern its leanings from the juxtaposition of the words "would" and "might" in describing the possible course of rate changes — a code long familiar to Fed watchers — the central bank Thursday released its policy statement from December, proclaiming its neutrality on future rate changes in something approaching plain English.

"In view of the evidence currently available, the committee believes that prospective developments are equally likely to warrant an increase or decrease" in the Fed's key interest rate, the policy statement said.

The committee also decided that

it would from time to time accelerate disclosure of any change in its assessment of the likely direction of rate changes. Rather than disclosing any change in its "bias" toward higher or lower rates only after the following meeting, as is the practice now, the Fed would make the change public immediately on those occasions when it wanted its intentions made clear to the public and the financial markets right away.

Alan Greenspan, the Fed chairman, has been wrestling for years with questions about the institution's traditional secrecy. He has been seeking to protect the confidentiality of the central bank's policy decisions.

Yet he also wants to assuage

critics in Congress who feel the Fed should be more accountable and might push for more sweeping changes if the Fed does not act on its own to become more open. Most of all Mr. Greenspan wants to avoid surprising the financial markets, whose ups and downs can have a pronounced effect on the economy.

Eager to avoid destabilizing policy surprises, Mr. Greenspan has taken to giving the markets relatively clear warnings of changes in the direction of interest rates.

In September, he had first hinted at and then almost flatly promised rate reductions in the weeks before the Fed embarked on three rate cuts.

Technology Stocks Drag Down the Market

Compiled by Our Staff From Dispatches

NEW YORK — U.S. stocks fell Friday as some underlying strength in the broader market was outweighed by the continued slide of technology stocks.

The Dow Jones industrial average closed 0.26 points lower at 9,304.24 while the Standard & Poor's 500 Index closed 0.99 points lower at 1,239.40. The Nasdaq composite lost 36.43 points to close at 2,373.64.

On the New York Stock Exchange, declining issues outnumbered advancing ones by a 17-to-11 ratio.

Overall weakness in technology stocks was compounded by the chipmakers. Advanced Micro

Devices fell 2 1/4 to 16 13/16, as investors reacted to a disappointing earnings forecast released Thursday and fears of an impending price war.

U.S. STOCKS

AMD dragged its competitors lower as well, with Micron Technology falling 5 1/4 to 70 1/4 and Texas Instruments sliding 1 1/4 to 94 1/4.

The continued decline of technology stocks has worried some analysts about the impact on the broader market. High-flying tech companies have been largely responsible for the market's overall advances, leading some to fear that once the technology bubble bursts,

the entire market will cave in.

Computer-related stocks also suffered. Apple Computer fell 1 9/16 to 36 5/16, while Cisco Systems, the biggest networking-equipment company, fell 4 to 101 1/4. Dell Computer fell 1 1/2 to 100 7/16, Gateway fell 2 1/4 to 74, while Microsoft dropped 15 1/16 to 160.

Technology was not the only weak sector Friday. Brokerage stocks were lower, from blue-chip firms like Merrill Lynch, which fell 2 1/4 to 70 13/16, to on-line brokers which began tumbling Thursday after the New York state attorney general announced an inquiry into their business practices. E*Trade, which was hampered by

technical difficulties on several occasions Wednesday through Friday, fell 4 13/16, to 48 11/16.

American Homebrew fell 1 15/16 to 83 1/16 as the manufactured-home maker said it expects weak results for its third quarter.

Stocks failed to get much support from a government report that showed the U.S. jobless rate held steady in January at 4.3 percent. Instead, the yield on the benchmark 30-year Treasury bond climbed to 5.35 percent from 5.29 percent as the price of the bond fell 25/32, to 98 20/32. That rate is a barometer of long-term borrowing costs for consumers and businesses.

(AP, Bloomberg)

Prospect of Lower Bond Yields Hurts Yen

Compiled by Our Staff From Dispatches

NEW YORK — The dollar rose against the yen Friday on expectations that Japan would try to drive down long-term bond yields, reducing the incentive for Japanese companies to bring home more of their overseas earnings.

Finance Minister Kiichi Miyazawa indicated that he wanted the Bank of Japan to buy more 10-year government bonds. That could halt a climb in rates that threatens to worsen the nation's recession by driving up borrowing costs.

"Lower yields are generally bad

for a currency, especially when they are already about 2 percent lower than anywhere else in the world," said Malcolm Gilroy of Laketon Investment Management in Toronto.

In 4 P.M. trading in New York,

the dollar was quoted at 113.220

yen, up from 112.025 yen Thursday. Mr. Gilroy predicted that the dollar would climb above 125 yen in the next six months because he expected the recession in Japan to deepen.

"I'm quite bearish on the yen," he

said. The dollar also rose against the euro, which fell to \$1.1263 from \$1.1335. The dollar rose to 1.4218 Swiss francs from 1.4140 francs while the pound fell to \$1.6333 from \$1.6450.

Dealers said news that the U.S. economy created 245,000 jobs in January and that the jobless rate remained at a 28-year low of 4.3 percent ended lingering expectations for lower interest rates and suggested that the next move by the Federal Reserve Board might be to raise rates, which could strengthen the dollar.

(Bloomberg, Bridge News)

New Beer Takes A Tequila Twist

The Associated Press

ST. LOUIS, Missouri — Anheuser-Busch Cos. has combined the flavors of tequila and lime to make its new beer, Tequila, due in stores Monday.

The name of the beer is a cross between tequila and the Spanish word for beer, *cerveza*. The brewer said it created the beer because many beer drinkers squirt lime in their beer and drink tequila on the side.

The 5 percent alcohol content equals that of Budweiser beer.

Hedge Fund Rescuers Get Mixed News

By Joseph Kahn
New York Times Service

NEW YORK — The Wall Street firms that rescued the giant hedge fund Long-Term Capital Management LP last autumn actually made a modest profit on their investment and the hedge fund is not as risky as it once was.

But at a gathering Thursday of executives who participated in the bailout, the firms' hopes of getting their money back quickly were dashed.

For the first time since late September, when the firms injected \$3.6 billion to save Long Term Capital from bankruptcy, top executives from Merrill Lynch & Co., Goldman Sachs & Co., Morgan Stanley Dean Witter & Co., Citigroup, and other consortium members discussed the hedge fund's performance and debated its future.

People who attended the meeting said that all of the consortium members had reaffirmed their commitment to the fund, at least for the immediate future.

The meeting came amid speculation about the stability of the consortium and talk of a rift between the fund's founding partners, led by John Meriwether, and the Wall Street banks and brokerage firms that control 90 percent of its assets.

Executives attending the meeting Thursday learned that from the time they had invested in Long-Term Capital until the end of last year, the value of their investments rose by 11 percent after subtracting fees and expenses, people close to the fund said. The portfolio continued to post small gains in January.

The executives also were told that the risk profile of the portfolio had been "substantially" reduced.

■ Investors Stay With Funds

Geraldine Fabrikant of The New York Times reported.

Although predictions of heavy withdrawals were rampant, investors probably withdrew about 5 percent from hedge funds after a roller-coaster 1998, according to estimates by several companies that track the industry.

Precise figures are hard to come by because the industry is unregulated by the Securities and Exchange Commission and thus is not required to report numbers. But three leading companies, each of which tracks a different group of hedge funds, differ only slightly on the overall annual results.

U. S. STOCK MARKET DIARY

Friday, Feb. 5

Most Active

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Standard & Poor's

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INTERNATIONAL FUTURES

Friday, Feb. 5

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EUROPE

Russian Duma Clears Lean Budget for '99

Compiled by Our Staff From Dispatches

MOSCOW — In a rare show of cooperation, the lower house of Russia's Parliament approved the government's 1999 budget Friday, a document essential to the country's effort to win vital loans.

Unlike in recent years, when the Duma bickered for months over the budget, Communists and their allies who dominate the Parliament approved the budget with little debate, displaying support for Prime Minister Yevgeny Primakov's cabinet.

The final vote was 308 to 58.

The budget proposal reflected Russia's desperate condition. It called for government spending of just \$25 billion and revenue of \$21 billion for the year. Deputies kept arguments to a minimum in part because there was little room to argue over the limited funds. The document now goes to the upper house of Parliament and then to President Boris Yeltsin.

In good news for the cabinet, tax collection in January exceeded the plan by 18 percent, bringing the equivalent of \$890 million into government coffers.

The draft budget projected inflation at 30 percent this year, with the dollar quoted at an average exchange rate of 21.5 rubles. But the dollar has already risen to 23 rubles, and inflation in January alone reached 8.5 percent.

Despite the budget's passage, prospects for a new loan from the International Monetary Fund remained dim. The Fund said it made progress in loan talks with Russia's government on Friday, although it did not reach agreement on all of Russia's economic policies or new loans.

The IMF has said the government's revenue targets are unrealistic, and Fund officials wanted to see how the government implements the budget over the next three months before making a decision.

(AP, Bloomberg)

Primakov Targets Magnate

David Hoffman of The Washington Post reported earlier from Moscow:

A collision between Mr. Primakov and one of Russia's most highly visible tycoons, Boris Beresovsky, intensified as masked, camouflaged special troops raided an office affiliated with Aeroflot, the national airline in which Mr. Beresovsky has had major interests.

The raids Thursday marked the second time this week that investigators stormed into a business linked to Mr. Beresovsky.

On Tuesday, they seized documents and videotapes from Sibneft, a leading oil company that also has



Prime Minister Yevgeny Primakov speaking with First Deputy Prime Minister Yuri Maslyukov on Friday in Moscow during a debate in the Russian Parliament on the country's 1999 budget.

ties to Mr. Beresovsky. They said they found evidence there that he ran an intelligence operation to tap the phones of Mr. Yeltsin's family.

After years of lackadaisical or nonexistent enforcement of anti-corruption laws, the sudden police raids were unusual. They seemed aimed squarely at the financial interests of Mr. Beresovsky, the political high roller who has long been considered the most outspoken among Russia's well-connected magnates.

Mr. Beresovsky opposed Mr. Pri-

makov's appointment last summer after the Aug. 17 ruble devaluation and currency crisis. Mr. Beresovsky often has insisted that government officials heed the demands of Russia's big businessmen.

Mr. Primakov, the former head of Russia's foreign intelligence service, has close ties to law enforcement agencies and is believed by many observers to be behind the latest raids. He said over the weekend that he would clear out the jails to make room for corrupt capitalists.

Carriers raised capacity by 10.1 percent in 1998 on North Atlantic routes — the most profitable of all — outpacing demand, which rose 8.4 percent.

Airlines filled 72 percent of seats on average in 1998, a drop of 0.3 percent from 1997, said the association, which collects data on passenger and freight traffic for its 27 major airline members.

Passenger traffic in Europe rose 8.3 percent to 120.25 billion revenue passenger kilometers — the total number of fare-paying passengers multiplied by the distance flown. Within Europe, traffic on South Atlantic routes, which includes those to Brazil, Argentina and Chile, rose most, gaining 13.3 percent to 21.3 billion passenger kilometers.

In December, passenger traffic rose 7.4 percent from December 1997, to 36.6 billion passenger kilometers. On North Atlantic routes, traffic rose 9.2 percent to 10.5 billion passenger kilometers.

Mr. Holmstrom is an economics professor at the Boston-based Massachusetts Institute of Technology.

(Bloomberg, Bridge News)

Growth Slows In Europe's Air Traffic

Bloomberg News

BRUSSELS — European airline traffic growth slowed to 7.7 percent in 1998, the lowest in five years, as carriers shifted flights to North Atlantic routes, resulting in supply exceeding demand.

The slowdown from 10.1 percent growth in 1997, a 10-year high, came as recessions in Asia prompted airlines to switch to the more profitable North Atlantic routes, the Association of European Airlines said Friday.

Traffic to the Far East still grew 3.8 percent in 1998, though that was slower than earlier in the decade. European carriers such as British Airways PLC say they still face "tough economic conditions" because of Asia, where BA and KLM Royal Dutch Airlines NV get as much as a fifth of operating profit.

"Most of the diversion to North Atlantic routes has already taken place now and airlines are already scaling back capacity growth," said Andrew Light, an analyst at Salomon Smith Barney Inc. "Alliances will help bring discipline to capacity, as fewer carriers will operate along those routes."

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(Bloomberg, Bridge News)

Investor's Europe

Frankfurt DAX	London FTSE 100 Index	Paris CAC 40
5000	6100	4100
5500	5800	4500
6000	5500	4800
6500	5200	5100
7000	4900	5400
7500	4600	5700
8000	4300	6000
8500	4000	6300
9000	3700	6600
9500	3400	6900
10000	3100	7200

Exchange	Index	Friday Close	Prev. Close	% Change
Amsterdam AEX	3,474.58	3,458.72	0.06	
Brussels BEL-20	5,080.77	5,077.85	0.06	
Copenhagen Stock Market	628.78	633.59	-0.77	
Helsinki HEX General Index	5,870.43	5,890.16	-2.00	
Oslo OBX	553.98	552.23	+0.32	
London FTSE 100	5,655.30	5,599.50	-1.42	
Madrid Stock Exchange	870.49	874.06	-0.41	
Milan MBTEL	23,405	23,438	-0.14	
Paris CAC 40	4,147.30	4,167.42	-0.48	
Stockholm SX 16	4,138.69	4,174.95	-0.87	
Vienna ATX	1,104.33	1,086.76	+1.43	
Zurich SPI	4,500.22	4,500.77	-0.01	

Source: Reuters

Very briefly:

- Henkel KGaA shares rose sharply after the German company, the largest adhesives maker in the world, said it planned to create a separate chemicals unit as it reorganizes amid slowing demand for chemicals. The shares rose 8 euros to 70.50 euros (\$79.40).
- Spanish unemployment fell to a six-year low of 18.17 percent in the fourth quarter from 18.55 percent in the third, as construction companies added workers in Madrid and along the Atlantic and Mediterranean coasts to meet demand for vacation homes.
- Adidas-Salomon AG, the sporting-goods giant, said 1998 profit fell 13.3 percent, to 401 million Deutsche marks (\$23.9 million), largely because of costs tied to its purchase of Salomon, a French maker of golf and ski equipment.
- Autogrill SpA, the largest fast-food chain in Italy, bought Frantour SA, a unit of the French railway that operates restaurants in stations, for 94.5 billion lire (\$55.2 million).
- Ameritech Corp., which is being acquired by SBC Communications Inc., is prepared to increase its 18 percent holding in Belgacom, the Belgian former phone monopoly, if the government decides to reduce its stake. Said Tim Cawley, president of Ameritech International, He said the company was also considering buying a stake in a telecommunications venture in Sweden from Telefonor AS of Norway.
- Vivendi SA, the French water utility and telecommunications giant, posted a rise of 24 percent, to 31.6 billion euros, in its 1998 sales, led by the telecommunications businesses.
- VIAG AG, the German conglomerate, said its purchase of Alustuisse Lanza Group was proceeding, denying market speculation that the deal was in trouble.

Bloomberg, Reuters

Surging Minivan Sales Lift Renault

Compiled by Our Staff From Dispatches

PARIS — Renault SA said Friday that sales rose 17.3 percent in 1998 as demand boomed for its Megane minivan, helping it capture market share from rivals such as Ford Motor Co.

Sales rose to 243.9 billion francs (\$42.06 billion) from 207.9 billion francs a year earlier, Renault said.

Renault is benefiting from a recovery in the European car market and efficiency measures that trimmed 3,850 francs from the cost of building each car over two years.

Innovative new models, such as the revamped Clio small car and the Kangoo light utility truck, helped push sales to a record 2.1 million vehicles in 1998.

"Pretty convincing performance all around," said Simon Miller, an analyst with Credit Lyonnais Securities in London. "Renault's showing is noticeably better than Peugeot's, and the full-year profit figures will most likely reflect that."

Renault cited a sharp rise in sales in most of Europe and said it had won back first place in France from PSA Peugeot Citroen SA by gaining almost two percentage points in market share.

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After earning 5.43 billion francs in 1997, Renault said it predicted a "significant" rise in 1998 profit. It expects 3 percent growth in vehicle sales in 1999 for the combined European market, which rose 7 percent last year. Economists expect growth between 1 percent and 3 percent.

Renault will report its full results for 1998 on March 1, two days ahead of Peugeot, which posted an 11.2 percent rise in 1998 sales Tuesday.

Renault shares closed at 43.10 euros (\$48.54) on Thursday, up 2 cents.

(Bloomberg, Bridge News)

Nokia Chairman Is Stepping Down

Bloomberg News

HELSINKI — Nokia Oy announced Friday that Casimir Ehrnrooth would resign as chairman of the world's largest maker of the cell phones and that Bengt Holmstrom would become a board member.

While Nokia did not specify why Mr. Ehrnrooth, 67, is resigning, the Finnish retirement age is 65.

Mr. Holmstrom is an economics professor at the Boston-based Massachusetts Institute of Technology.

(Bloomberg, Bridge News)

WORLD STOCK MARKETS

Friday, Feb. 5
Prices in local currencies
in U.S. dollars unless noted.

High Low Close Prev.

Amsterdam AEX Index: 3,474.58
Prev.: 3,458.72

Brussels BEL-20 Index: 5,080.77
Prev.: 5,077.85

Copenhagen Stock Market: 628.78
Prev.: 633.59

Helsinki HEX General Index: 5,870.43
Prev.: 5,890.16

Oslo OBX Index: 553.98
Prev.: 552.23

London FTSE 100 Index: 5,655.30
Prev.: 5,599.50

Madrid Stock Exchange: 870.49
Prev.: 874.06

Milan MBTEL Index: 23,405
Prev.: 23,438

Paris CAC 40 Index: 4,147.30
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Stockholm SX 16 Index: 4,138.69
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Bombay SET Index: 22,535
Prev.: 22,777

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Prev.: 2,460

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Kuala Lumpur Composite Index: 3,474.58
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Shanghai Index: 3,474.58
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Singapore Index: 3,474.58
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Taipei Index: 3,474.58
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Tokyo Index: 3,474.58
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ASIA/PACIFIC

Japan to Provide Indonesia With \$2.4 Billion in Loans

Compiled by Our Staff From Dispatches

JAKARTA — Japan said Friday it would provide \$2.4 billion in loans to Indonesia under a \$30 billion plan set up to help Asia's struggling economies.

Indonesian officials had been expecting \$3 billion. Among Japan's other recipients, Thailand has been granted \$1.85 billion and Malaysia has been pledged \$1.5 billion.

The Japanese government said the support package would be a combination of loans by the Export-Import Bank of Japan and the Overseas Economic Cooperation Fund.

A press statement issued by Finance Minister Kiichi Miyazawa also announced that Tokyo was considering providing interest payment assistance to Indonesia under the Asian Currency Crisis Support Facility currently being worked on in cooperation with the Asian Development Bank.

The Japanese statement said the package "will be the first step in the Japanese government's effort in assisting Indonesia under the framework of the 'New Miyazawa Initiative.'"

Prime Minister Kiichi Miyazawa announced the \$30 billion initiative for Asia when he attended a meeting of the Group of Seven industrialized countries held in Washington in October.

The Miyazawa plan will run for two years, and about half of that money has been disbursed already, with the largest slice going to Indonesia, said Eisuke Sakakibara, Japan's deputy finance minister for international affairs, who announced the loan in Jakarta on Friday.

The money for Indonesia is in addition to funds pledged by Japan under the \$49 billion bailout organized by the International Monetary Fund.

Indonesia needs the new money to help finance a \$9 billion hole in its budget for the year ended March 2000. About \$4 billion of that has been covered by donors such as the World Bank, the Asian Development Bank and other organizations.

Indonesia expects to get the remaining \$2.6 billion needed to plug the budget gap from the Consultative Group on Indonesia, a group of its main donor countries. That money may be part of the IMF plan, or may be fresh funding, said Ginandjar Kartasasmita, Indonesia's coordinating minister for economy and finance.

Indonesia's economy is expected to contract for a second year in 1999, suffering from a sharp drop in the value of the rupiah over the past 18 months and the inability of corpo-

rate Indonesia to repay about \$60 billion in foreign debt.

Mr. Sakakibara dismissed concerns about corruption in the Indonesian government.

"We are very favorably impressed by the measures implemented by this government — particularly the very decisive anti-cor-

ruption laws." (Bloomberg, AFP)

■ Fast Track for Lippo Bank?

Indonesia put on hold plans to inject 3.75 trillion rupiah (\$433.5 million) into Lippo Bank after allegations were made by some members of the House of Representatives of favoritism, Finance Minister

Bambang Subianto said, Bloomberg reported.

The bank, controlled by the Riady family, was included in the first wave of banks to be helped with state aid. The Riadys have been said to have good relations with former President Suharto and his successor, B.J. Habibie.

Air France Pares Service to Japan

Bloomberg News

TOKYO — Air France said Friday that it would suspend its Paris-Nagoya flight starting in March, the latest cutback by a foreign carrier in Japan, where fares and the number of air travelers have fallen amid the nation's worst postwar recession.

Air France said its occupancy rate on the route was about 80 percent, but that it still did not generate enough profit. For many airlines, a seat occupancy of 70 percent or more guarantees adequate profitability.

The setbacks for Air France and other foreign carriers that have suspended flights will benefit Japan Air Lines Co., All Nippon Airways Co. and Japan Air System Co., Japan's three biggest carriers, analysts said.

"Foreign airlines backing off from Japan is a good sign for Japanese airlines," said Douglas Hayashi, a senior analyst at HSBC Securities Japan Inc. "This will allow domestic carriers to increase their market share."

Nevertheless, All Nippon Airways said Friday that it will not hire flight attendants during the financial year starting April 1 as it moves to cut costs.

ANA, which has posted four losses in the last five years, has been hiring an average of about 700 flight attendants a year for the past five years. It currently has about 5,000 flight attendants.

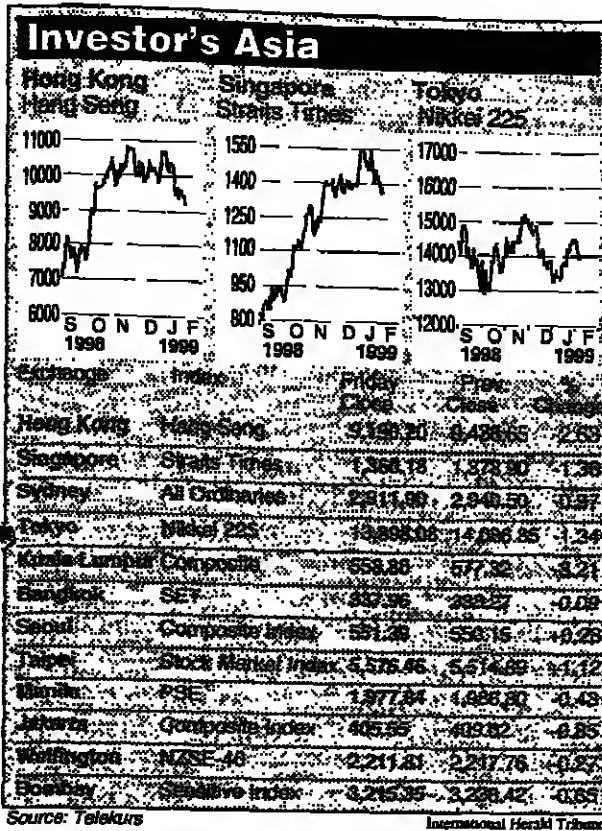
The airline, whose shares are close to a 14-year low, has said it plans to scrap some money-losing

routes and cut personnel as Japan's worst recession in 50 years saps demand for leisure and business trips.

UAI, Corp.'s United Airlines, Northwest Airlines Corp., and at least six other carriers have suspended some flights between Japan and holiday destinations popular among Japanese tourists such as Hawaii, London and Hong Kong in the past year.

The companies cited lower revenues per passenger and fewer Japanese travelers.

In the past year, trans-Pacific flights dropped by about 20 percent, while air travel between Europe and the Americas increased. Hideki Isayama, passenger marketing manager at United Airlines,



Euro Adds Risks, China Official Says

By Thomas Crampton
International Herald Tribune

BANGKOK — While the euro provides benefits to the world financial system, it may also bring a measure of instability by increasing competition and tensions within Europe, Foreign Minister Tang Jiaxuan of China said here Friday during an official visit.

From China's point of view, he said, "it is better to link exchange rates to many currencies instead of just one," and the euro, as an alternative to the dollar, allows this.

But he added that the single European currency also has the potential to create economic instability and tensions.

"Some economists say the euro will sharpen economic competition within Europe," he said through an interpreter. "I think this opinion is quite correct and whether this brings instability remains to be seen."

Mr. Tang repeated Beijing's pledge not to devalue its currency, the yuan, or slow economic reforms despite the ongoing Asian economic crisis. He said Beijing

had already kept the yuan stable through nearly two years of regional economic upheaval, despite China's own difficulties.

Political stability and economic development by China, the world's most populous nation, "is in itself an important contribution to peace and stability of the region and indeed the whole world," he said.

Wider use of the yen remains an option that could help Asia's economic recovery, he said. "Japanese economists are thinking about wider use of the yen, but that alone this is not enough to make the region healthy again," he said.

The fundamental problem facing a common or regional currency in Asia, Mr. Tang said, was the wide disparity of development levels among countries there.

Also on Friday, Mr. Tang signed a 15-point agreement with Foreign Minister Surin Pitsuwan of Thailand that broadly pledges closer cooperation between Beijing and Bangkok in several domains, including trade, macroeconomic policy and finance.

Very briefly:

- Malaysia expects no more than \$5 billion in foreign funds to leave the country as capital controls are replaced by an exit tax, said the central bank governor, Ali Abul Hassan Sulaiman.
- Mr. Ali also said he expected the move to attract fresh foreign capital that would "more than offset" the outflow. He did not say how soon the new capital would come in.
- Malaysia's trade surplus widened to a record 6.7 billion ringgit (\$1.76 billion) in December, swelling the surplus for all of 1998 to the highest level in at least 14 years. For the full year, the surplus was \$8.4 billion ringgit, compared with a surplus of 400 million ringgit in 1997.
- Daiwa Securities Co. has decided not to sell its British banking unit, Daiwa Europe Bank PLC. In October it hired a consultant to help decide whether it would sell the London-based unit as part of its review of all businesses.
- India's software exports rose 68 percent last year, to 95 billion rupees (\$2.24 billion), as global demand for Indian software grew, said the National Association of Software and Service Companies. The surge came even as India's total exports fell 2.9 percent in the nine months to December.
- Hong Kong's Hang Seng Index futures contracts will be traded electronically by May and options contracts for the index will be traded in that manner by June, the Hong Kong Futures Exchange said.
- KDD Corp., Japan's largest international phone company, said AT&T Corp. offered to pay part of the cost of sending Internet data traffic between Japan and the United States. KDD and other Asia-based carriers currently pay such costs.
- Samsung Electronics Co.'s net profit surged 153 percent in 1998, to 313 billion won (\$267.5 million), due to rises in the price of memory chips.
- Japan's overall wholesale prices fell 4.9 percent in January from the previous year. They had fallen 4.4 percent on a year-to-year basis in December.

Bloomberg, AFP

NOTICE TO THE UNITHOLDERS
Dear Unitholder of:
SKANDIFOND EQUITY FUND

Please be herewith informed about the change of the base currency of the following sub-funds:

SKANDIFOND EQUITY FUND-CONTINENTAL EUROPE
SKANDIFOND EQUITY FUND-MEDITERRANEAN

The EURO currency was implemented on January 1st, 1999. Since these two sub-funds are investing mainly in securities in EURO, the Management Company has decided to change the base currency of these two sub-funds from USD to EURO. The base currency of these two sub-funds from USD to EURO starting 1st January 1999. The investment policy and the denomination of these sub-funds do not change.

The following rules in the Prospectus will remain valid and unchanged, quote:

"The net asset value per unit will be expressed and published in the base currency of the relevant Sub-Fund. The issue and redemption price will also be published in EURO, US Dollars, in Swedish Kronor and in Norwegian Kroner for all Sub-Funds. The exchange rates used for these conversions will be determined on basis of the exchange rates used for the net asset value calculation of the same Valuation Day.

Payment for subscriptions must be made in EURO, US Dollars, Swedish Kronor, Norwegian Kroner or in the base currency of the relevant Sub-Fund.

The Management Company will also quote the redemption price in EURO, US Dollars, in Swedish Kronor and in Norwegian Kroner.

Unquote

Yours very truly,

SKANDIFOND EQUITY FUND MANAGEMENT CO S.A.

IF YOU THOUGHT
BEING A GOD
WAS EASY,
THINK AGAIN.



ON CABLE AND SATELLITE
TONIGHT
21.30
Q&A with Riz Khan
Viewers from around the world are able to question newsmakers by phone, fax or e-mail in the world's first interactive news show.

On Cable and Satellite
Tonight

21.30
Q&A with Riz Khan
Viewers from around the world are able to question newsmakers by phone, fax or e-mail in the world's first interactive news show.

22.00
Perspectives

Tonight's in-depth documentary explores the world of the Dalai Lama including exclusive insight into his life, philosophy and politics.

23.00
News Update/
World Business Today
24 hours of world business news distilled into 30 minutes.

CNN
INTERNATIONAL

NASDAQ

Friday's 4 P.M.
The 1,000 most traded National Market securities
in terms of dollar volume, updated twice a year.
The Associated Press.

Stock	High	Low	Open	Close
IBM	125.25	124.75	125.00	125.00
Microsoft	56.25	56.00	56.12	56.12
Apple	40.25	40.00	40.12	40.12
Oracle	35.25	35.00	35.12	35.12
Amazon	25.25	25.00	25.12	25.12
Google	15.25	15.00	15.12	15.12
Yahoo	10.25	10.00	10.12	10.12
Alibaba	5.25	5.00	5.12	5.12
Facebook	3.25	3.00	3.12	3.12
Twitter	2.25	2.00	2.12	2.12

Stock	High	Low	Open	Close
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Apple	40.25	40.00	40.12	40.12
Oracle	35.25	35.00	35.12	35.12
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Google	15.25	15.00	15.12	15.12
Yahoo	10.25	10.00	10.12	10.12
Alibaba	5.25	5.00	5.12	5.12
Facebook	3.25	3.00	3.12	3.12
Twitter	2.25	2.00	2.12	2.12
LinkedIn	1.25	1.00	1.12	1.12

Stock	High	Low	Open	Close
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Apple	40.25	40.00	40.12	40.12
Oracle	35.25	35.00	35.12	35.12
Amazon	25.25	25.00	25.12	25.12
Google	15.25	15.00	15.12	15.12
Yahoo	10.25	10.00	10.12	10.12
Alibaba	5.25	5.00	5.12	5.12
Facebook	3.25	3.00	3.12	3.12
Twitter	2.25	2.00	2.12	2.12
LinkedIn	1.25	1.00	1.12	1.12

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Apple	40.25	40.00	40.12	40.12
Oracle	35.25	35.00	35.12	35.12
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Yahoo	10.25	10.00	10.12	10.12
Alibaba	5.25	5.00	5.12	5.12
Facebook	3.25	3.00	3.12	3.12
Twitter	2.25	2.00	2.12	2.12
LinkedIn	1.25	1.00	1.12	1.12

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Apple	40.25	40.00	40.12	40.12
Oracle	35.25	35.00	35.12	35.12
Amazon	25.25	25.00	25.12	25.12
Google	15.25	15.00	15.12	15.12
Yahoo	10.25	10.00	10.12	10.12
Alibaba	5.25	5.00	5.12	5.12
Facebook	3.25	3.00	3.12	3.12
Twitter	2.25	2.00	2.12	2.12
LinkedIn	1.25	1.00	1.12	1.12

Stock	High	Low	Open	Close
Microsoft	56.25	56.00	56.12	56.12
Apple	40.25	40.00	40.12	40.12
Oracle	35.25	35.00	35.12	35.12
Amazon	25.25	25.00	25.12	25.12
Google	15.25	15.00	15.12	15.12
Yahoo	10.25	10.00	10.12	10.12
Alibaba	5.25	5.00	5.12	5.12
Facebook	3.25	3.00	3.12	3.12
Twitter	2.25	2.00	2.12	2.12
LinkedIn	1.25	1.00	1.12	1.12

Stock	High	Low	Open	Close
Microsoft	56.25	56.00	56.12	56.12
Apple	40.25	40.00	40.12	40.12
Oracle	35.25	35.00	35.12	35.12
Amazon	25.25	25.00	25.12	25.12
Google	15.25	15.00	15.12	15.12
Yahoo	10.25	10.00	10.12	10.12
Alibaba	5.25	5.00	5.12	5.12
Facebook	3.25	3.00	3.12	3.12
Twitter	2.25	2.00	2.12	2.12
LinkedIn	1.25	1.00	1.12	1.12

AMEX

Friday's 4 P.M. Close
The 150 most traded stocks of the day,
up to the closing on Wall Street.
The Associated Press.

Stock	High	Low	Open	Close
IBM	125.25	124.75	125.00	125.00
Microsoft	56.25	56.00	56.12	56.12
Apple	40.25	40.00	40.12	40.12
Oracle	35.25	35.00	35.12	35.12
Amazon	25.25	25.00	25.12	25.12

Stock	High	Low	Open	Close
Microsoft	56.25	56.00	56.12	56.12
Apple	40.25	40.00	40.12	40.12
Oracle	35.25	35.00	35.12	35.12
Amazon	25.25	25.00	25.12	25.12
Google	15.25	15.00	15.12	15.12

Stock	High	Low	Open	Close
Microsoft	56.25	56.00	56.12	56.12
Apple	40.25	40.00	40.12	40.12
Oracle	35.25	35.00	35.12	35.12
Amazon	25.25	25.00	25.12	25.12
Google	15.25	15.00	15.12	15.12

Stock	High	Low	Open	Close
Microsoft	56.25	56.00	56.12	56.12
Apple	40.25	40.00	40.12	40.12
Oracle	35.25	35.00	35.12	35.12
Amazon	25.25	25.00	25.12	25.12
Google	15.25	15.00	15.12	15.12

Stock	High	Low	Open	Close
Microsoft	56.25	56.00	56.12	56.12
Apple	40.25	40.00	40.12	40.12
Oracle	35.25	35.00	35.12	35.12
Amazon	25.25	25.00	25.12	25.12
Google	15.25	15.00	15.12	15.12

NYSE

Friday's 4 P.M. Close
(Continued)

Stock	High	Low	Open	Close
IBM	125.25	124.75	125.00	125.00
Microsoft	56.25	56.00	56.12	56.12
Apple	40.25	40.00	40.12	40.12
Oracle	35.25	35.00	35.12	35.12
Amazon	25.25	25.00	25.12	25.12

Stock	High	Low	Open	Close
Microsoft	56.25	56.00	56.12	56.12
Apple	40.25	40.00	40.12	40.12
Oracle	35.25	35.00	35.12	35.12
Amazon	25.25	25.00	25.12	25.12
Google	15.25	15.00	15.12	15.12

Stock	High	Low	Open	Close
Microsoft	56.25	56.00	56.12	56.12
Apple	40.25	40.00	40.12	40.12
Oracle	35.25	35.00	35.12	35.12
Amazon	25.25	25.00	25.12	25.12
Google	15.25	15.00	15.12	15.12

Stock	High	Low	Open	Close
Microsoft	56.25	56.00	56.12	56.12
Apple	40.25	40.00	40.12	40.12
Oracle	35.25	35.00	35.12	35.12
Amazon	25.25	25.00	25.12	25.12
Google	15.25	15.00	15.12	15.12

Stock	High	Low	Open	Close
Microsoft	56.25	56.00	56.12	56.12
Apple	40.25	40.00	40.12	40.12
Oracle	35.25	35.00	35.12	35.12
Amazon	25.25	25.00	25.12	25.12
Google	15.25	15.00	15.12	15.12

Stock	High	Low	Open	Close
Microsoft	56.25	56.00	56.12	56.12
Apple	40.25	40.00	40.12	40.12
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Amazon	25.25	25.00	25.12	25.12
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Stock	High	Low	Open	Close
Microsoft	56.25	56.00	56.12	56.12
Apple	40.25	40.00	40.12	40.12
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Google	15.25	15.00	15.12	15.12

Stock	High	Low	Open	Close
Microsoft	56.25	56.00	56.12	56.12
Apple	40.25	40.00	40.12	40.12
Oracle	35.25	35.00	35.12	35.12
Amazon	25.25	25.00	25.12	25.12
Google	15.25	15.00	15.12	15.12

Track Record
Investment Advice

Through a Long Lo

02/06/1999

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Less Is More: Merger Stocks Were Quarter's Best

By Anne Bagamery

AirTrax investors fared well, too. Michael Levy of Bankers Trust, which has agreed to be acquired by Deutsche Bank AG) recommended the shares in the Nov. 14 issue. Priced at the time at \$52.75, they climbed 83 percent, to \$96.56 by the end of January.

• Lucent Technologies Inc., which agreed to buy Ascend Communications Inc. for \$20 billion. Lucent stock, which was recommended Oct. 10 by Trade Lister at \$53.06 a share, rose 78 percent, to \$112.56.

• Ford Motor Co.'s acquisition of the car operations of Volvo AB was announced just before The Money Re-

their stock was undervalued and would rise once an offer had been made. Of the five, only two rose significantly: Amgen Inc., by 62 percent, and Giordano International Ltd., by 35 percent. Weir Group rose only 4 percent, while the remaining two — Kuehne & Nagel International AG and Metsa-Serla Oyj — fell.

The professional stock-pickers also largely ignored oil companies in the fourth quarter, with only Royal Dutch/Shell Group gaining a faint recommendation from J.P. Morgan Securities. It found the British Dutch company's shares "undervalued compared to Exxon" at around 40 guilders a share. (They since have slid to about 35 guilders.)

managers who participated in The Money Report's annual investment roundtable on Nov. 14 maintained their professional standing by making astute choices. Often that translated into recommending safe, brand-name issues, such as Intel Corp. (which has appeared on every Money Report investment scoreboard since the feature began in November 1997) and International Business Machines Corp.

But not always. Mr. Levy of Bankers Trust chose several European banks but they came up with some winners, including Kao of Ireland, up 41 percent. He also found a rarity for the quarter, a Japanese stock that rose: Kao Corp., up 3.2 percent.

November to \$111.56 by the end of January. As Alec Murray of MFS Investment Management said, "If Internet stocks work at all, then Cisco has to work."

AS DIFFICULT as it is to predict a takeover, it is even more difficult to determine when a stock has hit bottom and is about to rebound. That was the task The Money Report set in the Dec. 5 issue, "Fallen Angels." How did they fare?

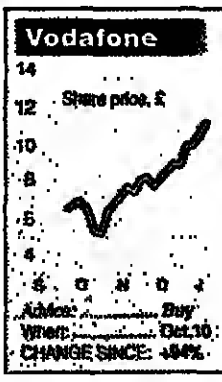
Other than Weir Group, two of the six featured stocks earned their wings: ING Groep NV and Siam Commercial Bank. Stocks of both banks rose, with Siam benefiting from the perception that the Asian crisis had turned the corner. ING, which had slashed its exposure to Asia, has a loyal booster in Mr. Levy: He recommended the stock on Nov. 12 and again in December, after it had again risen 7 percent.

The remaining four stocks

however, have yet to take flight. Two had been routed as long-term, somewhat risky emerging-market plays: Globex Utilidades SA of Brazil and Lukoil Holding of Russia. (Lukoil and Intel share the distinction of being recommended as both a buy and a sell this quarter. But Intel shares rose 68 percent, to \$140.94, perhaps proving that contrarian wisdom is not always wise.)

The other two fallen angels — Sony Corp. and Alcatel SA — are established companies and former darlings of investors, but they showed that they still have a long way to go before reassuming their

Continued on Page 17



Home Depot Inc. (NYSE U.S.)	Home Improvement	Peter Caruso	Buy; incredibly good value	Nov. 14	48.50	89.50
		Alan Ackerman	Buy; likely to surpass earnings expectations, benefiting from low interest rates	Dec. 26	50.50	
Houghton Mifflin (NYSE U.S.)	Educational publishing	Yance Under B/T Alex Brown	Buy; good growth prospects, stock is undervalued	Oct. 24	35.94	41.94
Humana Inc. (NYSE U.S.)	Health care	Dow Theory Foreman	Buy; cash-rich	Oct. 17	17.81	17.88
Hyatt Development Co. (NYSE Hong Kong)	Real-estate development	Terry Lo Dunneer (Midwest) Duncan	Sell; market to glutted	Dec. 26	11.40	8.95
Independent Newsplaces PLC (NYSE) London	Publishing	Cassidy Bryson	Buy; good position in British market, improving overall coverage	Nov. 14	119.50	237.50
ISI Group NY (NYSE) Netherlands	Financial services	Michael Levy	Buy; punished for perceived exposure to emerging markets, but one of the best-run companies in the world	Nov. 14	43.97	57.37
		Michael Levy	Buy; little emerging-market exposure left	Dec. 5	47.10	
Intel Corp. (NYSE U.S.)	Semiconductors	Steve Ertelt Gentral & Co.	Buy; many sales as PC makers indicate that is driving new test sales in the pipeline	Oct. 3	63.68	140.94
		Peter Caruso	Buy; huge demand from Europe for U.S. hardware and software	Nov. 14	102.75	
		Alan Ackerman	Buy; staying power even in a consuming market	Dec. 26	125.00	
		David Tice	Sell; a monopolist whose monopoly has ended			
International Business Machines Corp. (NYSE U.S.)	Information technology	Larry Robert Austin Associates	Buy; predictable positions on surplus on the downside	Oct. 3	124.81	182.25
		Peter Caruso	Sell; huge demand from Europe for U.S. hardware and software	Nov. 14	157.44	
		Alan Ackerman	Buy; staying power even in a consuming market	Dec. 26	187.94	
JDS Fidel Inc. (NYSE) Canada	Telecommunications equipment	Danney Best	Buy; one of the best companies in its sector	Dec. 26	35.00	67.40
Kroger Corp.	Chemicals	Michael Levy	Buy; staying strong	Nov. 14	22.25	23.80

Last Year's Winners & Losers

Boeing Corp. looked unstoppable against its European rival, Airbus Industrie. But 12 months' worth of production delays and profit warnings seem to have soured investors: Boeing stock, recommended in October 1997 as "long-term, terrific" at about \$34 a share, closed Jan. 29 at about \$36.

The passage of time can also place buzzwords in their proper context. To excite investor interest in oil-related stocks at the end of 1997, about all a company had to do was hint at its "Caspian exposure"—any connections it might have to the multinational effort to exploit the rich oil and gas deposits in the Caspian Sea basin of Central Asia.

Hurricane Hydrocarbons Ltd., a fictitiously named Canadian oil-field operator, was recommended on Dec. 13, 1997, for its holdings in Kazakhstan, one of the Central Asian republics. The stock was one of the better performers of the fourth quarter, rising 28 percent, to 7.31 Canadian dollars a share.

Unfortunately for investors, over the past year the Caspian fields have started to look increasingly expensive to develop—especially as oil prices started to fall—and politically tricky to commercialize. While the oil wealth is expected to flow in five years, some investors evidently have decided it is not worth the wait: Hurricane shares have fallen 80 percent since they were picked, trading recently at just over a dollar.

Given an even longer time horizon, these and other decliners may yet pay off. But investors would do well to remember that if the stock is fundamentally sound, time frame is almost meaningless. Inel Corp., after all, has been recommended for the past six quarters, during which it has fluctuated between \$87 and \$140 a share. Likewise if a stock is fundamentally unsound: In the inexact science of investing, what goes down may not come back up.

WHICH brings us to Pfizer Corp. At the end of 1997, the company was a solid drug-maker known as much for its pet vaccines as for its remedies for human ailments. Pfizer, which was mentioned in a column by James K. Glassman of *The Washington Post* on Dec. 27, posted a respectable 13.7 percent gain in the quarter, but the company's name was not on every investor's lips.

All that changed in March 1998, when the U.S. Food and Drug Administration approved the release of *Viagra*, the first anti-impotence treatment that did not have to be injected, surgically inserted or topically applied. Pfizer's little pill became the fastest-selling prescription drug in history. The company's stock, recommended at about \$72 a year ago, closed Jan. 29 at \$128.63 — a gain of almost 79 percent. — A.B.

Winners		1994	1995	1996	% change
California State	199	1,000	1,017	1,034	3.4
National Economic	198	1,000	1,000	1,000	0.0
Other (1994-1995)	197	1,000	1,000	1,000	0.0
California State	196	1,000	1,000	1,000	0.0
National Economic	195	1,000	1,000	1,000	0.0
Other (1994-1995)	194	1,000	1,000	1,000	0.0
California State	193	1,000	1,000	1,000	0.0
National Economic	192	1,000	1,000	1,000	0.0
Other (1994-1995)	191	1,000	1,000	1,000	0.0
California State	190	1,000	1,000	1,000	0.0
National Economic	189	1,000	1,000	1,000	0.0
Other (1994-1995)	188	1,000	1,000	1,000	0.0
California State	187	1,000	1,000	1,000	0.0
National Economic	186	1,000	1,000	1,000	0.0
Other (1994-1995)	185	1,000	1,000	1,000	0.0
California State	184	1,000	1,000	1,000	0.0
National Economic	183	1,000	1,000	1,000	0.0
Other (1994-1995)	182	1,000	1,000	1,000	0.0
California State	181	1,000	1,000	1,000	0.0
National Economic	180	1,000	1,000	1,000	0.0
Other (1994-1995)	179	1,000	1,000	1,000	0.0
California State	178	1,000	1,000	1,000	0.0
National Economic	177	1,000	1,000	1,000	0.0
Other (1994-1995)	176	1,000	1,000	1,000	0.0
California State	175	1,000	1,000	1,000	0.0
National Economic	174	1,000	1,000	1,000	0.0
Other (1994-1995)	173	1,000	1,000	1,000	0.0
California State	172	1,000	1,000	1,000	0.0
National Economic	171	1,000	1,000	1,000	0.0
Other (1994-1995)	170	1,000	1,000	1,000	0.0
California State	169	1,000	1,000	1,000	0.0
National Economic	168	1,000	1,000	1,000	0.0
Other (1994-1995)	167	1,000	1,000	1,000	0.0
California State	166	1,000	1,000	1,000	0.0
National Economic	165	1,000	1,000	1,000	0.0
Other (1994-1995)	164	1,000	1,000	1,000	0.0
California State	163	1,000	1,000	1,000	0.0
National Economic	162	1,000	1,000	1,000	0.0
Other (1994-1995)	161	1,000	1,000	1,000	0.0
California State	160	1,000	1,000	1,000	0.0
National Economic	159	1,000	1,000	1,000	0.0
Other (1994-1995)	158	1,000	1,000	1,000	0.0
California State	157	1,000	1,000	1,000	0.0
National Economic	156	1,000	1,000	1,000	0.0
Other (1994-1995)	155	1,000	1,000	1,000	0.0
California State	154	1,000	1,000	1,000	0.0
National Economic	153	1,000	1,000	1,000	0.0
Other (1994-1995)	152	1,000	1,000	1,000	0.0
California State	151	1,000	1,000	1,000	0.0
National Economic	150	1,000	1,000	1,000	0.0
Other (1994-1995)	149	1,000	1,000	1,000	0.0
California State	148	1,000	1,000	1,000	0.0
National Economic	147	1,000	1,000	1,000	0.0
Other (1994-1995)	146	1,000	1,000	1,000	0.0
California State	145	1,000	1,000	1,000	0.0
National Economic	144	1,000	1,000	1,000	0.0
Other (1994-1995)	143	1,000	1,000	1,000	0.0
California State	142	1,000	1,000	1,000	0.0
National Economic	141	1,000	1,000	1,000	0.0
Other (1994-1995)	140	1,000	1,000	1,000	0.0
California State	139	1,000	1,000	1,000	0.0
National Economic	138	1,000	1,000	1,000	0.0
Other (1994-1995)	137	1,000	1,000	1,000	0.0
California State	136	1,000	1,000	1,000	0.0
National Economic	135	1,000	1,000	1,000	0.0
Other (1994-1995)	134	1,000	1,000	1,000	0.0
California State	133	1,000	1,000	1,000	0.0
National Economic	132	1,000	1,000	1,000	0.0
Other (1994-1995)	131	1,000	1,000	1,000	0.0
California State	130	1,000	1,000	1,000	0.0
National Economic	129	1,000	1,000	1,000	0.0
Other (1994-1995)	128	1,000	1,000	1,000	0.0
California State	127	1,000	1,000	1,000	0.0
National Economic	126	1,000	1,000	1,000	0.0
Other (1994-1995)	125	1,000	1,000	1,000	0.0
California State	124	1,000	1,000	1,000	0.0
National Economic	123	1,000	1,000	1,000	0.0
Other (1994-1995)	122	1,000	1,000	1,000	0.0
California State	121	1,000	1,000	1,000	0.0
National Economic	120	1,000	1,000	1,000	0.0
Other (1994-1995)	119	1,000	1,000	1,000	0.0
California State	118	1,000	1,000	1,000	0.0
National Economic	117	1,000	1,000	1,000	0.0
Other (1994-1995)	116	1,000	1,000	1,000	0.0
California State	115	1,000	1,000	1,000	0.0
National Economic	114	1,000	1,000	1,000	0.0
Other (1994-1995)	113	1,000	1,000	1,000	0.0
California State	112	1,000	1,000	1,000	0.0
National Economic	111	1,000	1,000	1,000	0.0
Other (1994-1995)	110	1,000	1,000	1,000	0.0
California State	109	1,000	1,000	1,000	0.0
National Economic	108	1,000	1,000	1,000	0.0
Other (1994-1995)	107	1,000	1,000	1,000	0.0
California State	106	1,000	1,000	1,000	0.0
National Economic	105	1,000	1,000	1,000	0.0
Other (1994-1995)	104	1,000	1,000	1,000	0.0
California State	103	1,000	1,000	1,000	0.0
National Economic	102	1,000	1,000	1,000	0.0
Other (1994-1995)	101	1,000	1,000	1,000	0.0
California State	100	1,000	1,000	1,000	0.0
National Economic	99	1,000	1,000	1,000	0.0
Other (1994-1995)	98	1,000	1,000	1,000	0.0
California State	97	1,000	1,000	1,000	0.0
National Economic	96	1,000	1,000	1,000	0.0
Other (1994-1995)	95	1,000	1,000	1,000	0.0
California State	94	1,000	1,000	1,000	0.0
National Economic	93	1,000	1,000	1,000	0.0
Other (1994-1995)	92	1,000	1,000	1,000	0.0
California State	91	1,000	1,000	1,000	0.0
National Economic	90	1,000	1,000	1,000	0.0
Other (1994-1995)	89	1,000	1,000	1,000	0.0
California State	88	1,000	1,000	1,000	0.0
National Economic	87	1,000	1,000	1,000	0.0
Other (1994-1995)	86	1,000	1,000	1,000	0.0
California State	85	1,000	1,000	1,000	0.0
National Economic	84	1,000	1,000	1,000	0.0
Other (1994-1995)	83	1,000	1,000	1,000	0.0
California State	82	1,000	1,000	1,000	0.0
National Economic	81	1,000	1,000	1,000	0.0
Other (1994-1995)	80	1,000	1,000	1,000	0.0
California State	79	1,000	1,000	1,000	0.0
National Economic	78	1,000	1,000	1,000	0.0
Other (1994-1995)	77	1,000	1,000	1,000	0.0
California State	76	1,000	1,000	1,000	0.0
National Economic	75	1,000	1,000	1,000	0.0
Other (1994-1995)	74	1,000	1,000	1,000	0.0
California State	73	1,000	1,000	1,000	0.0
National Economic	72	1,000	1,000	1,000	0.0
Other (1994-1995)	71	1,000	1,000	1,000	0.0
California State	70	1,000	1,000	1,000	0.0
National Economic	69	1,000	1,000	1,000	0.0
Other (1994-1995)	68	1,000	1,000	1,000	0.0
California State	67	1,000	1,000	1,000	0.0
National Economic	66	1,000	1,000	1,000	0.0
Other (1994-1995)	65	1,000	1,000	1,000	0.0
California State	64	1,000	1,000	1,000	0.0
National Economic	63	1,000	1,000	1,000	0.0
Other (1994-1995)	62	1,000	1,000	1,000	0.0
California State	61	1,000	1,000	1,000	0.0
National Economic	60	1,000	1,000	1,000	0.0
Other (1994-1995)	59	1,000	1,000	1,000	0.0
California State	58	1,000	1,000	1,000	0.0
National Economic	57	1,000	1,000	1,000	0.0
Other (1994-1995)	56	1,000	1,000	1,000	0.0
California State	55	1,000	1,000	1,000	0.0
National Economic	54	1,000	1,000	1,000	0.0
Other (1994-1995)	53	1,000	1,000	1,000	0.0
California State	52	1,000	1,000	1,000	0.0
National Economic	51	1,000	1,000	1,000	0.0
Other (1994-1995)	50	1,000	1,000	1,000	0.0
California State	49	1,000	1,000	1,000	0.0
National Economic	48	1,000	1,000	1,000	0.0
Other (1994-1995)	47	1,000	1,000	1,000	0.0
California State	46	1,000	1,000	1,000	0.0
National Economic	45	1,000	1,000	1,000	0.0
Other (1994-1995)	44	1,000	1,000	1,000	0.0
California State	43	1,000	1,000	1,000	0.0
National Economic	42	1,000	1,000	1,000	0.0
Other (1994-1995)	41	1,000	1,000	1,000	0.0
California State	40	1,000	1,000	1,000	0.0
National Economic	39	1,000	1,000	1,000	0.0
Other (1994-1995)	38	1,000	1,000	1,000	0.0
California State	37	1,000	1,000	1,000	0.0
National Economic	36	1,000	1,000	1,000	0.0
Other (1994-1995)	35	1,000	1,000	1,000	0.0
California State	34	1,000	1,000	1,000	0.0
National Economic	33	1,000	1,000	1,000	0.0
Other (1994-1995)	32	1,000	1,000	1,000	0.0
California State	31	1,000	1,000	1,000	0.0
National Economic	30	1,000	1,000	1,000	0.0
Other (1994-1995)	29	1,000	1,000	1,000	0.0
California State	28	1,000	1,000	1,000	0.0
National Economic	27	1,000	1,000	1,000	0.0
Other (1994-1995)	26	1,000	1,000	1,000	0.0
California State	25	1,000	1,000	1,000	0.0
National Economic	24	1,000	1,000	1,000	0.0
Other (1994-1995)	23	1,000	1,000	1,000	0.0
California State	22	1,000	1,000	1,000	0.0
National Economic	21	1,000	1,000	1,000	0.0
Other (1994-1995)	20	1,000	1,000	1,000	0.0
California State	19	1,000	1,000	1,000	0.0
National Economic	18	1,000	1,000	1,000	0.0
Other (1994-1995)	17	1,000	1,000	1,000	0.0
California State	16	1,000	1,000	1,000	0.0
National Economic	15	1,000	1,000	1,000	0.0
Other (1994-1995)	14	1,000	1,000	1,000	0.0
California State	13	1,000	1,000	1,000	0.0
National Economic	12	1,000	1,000	1,000	0.0
Other (1994-1995)	11	1,000	1,000	1,000	0.0
California State	10	1,000	1,000	1,000	0.0
National Economic	9	1,000	1,000	1,000	0.0
Other (1994-1995)	8	1,000	1,000	1,000	0.0
California State	7	1,000	1,000	1,000	0.0
National Economic	6	1,000	1,000	1,000	0.0
Other (1994-1995)	5	1,000	1,000	1,000	0.0
California State	4	1,000	1,000	1,000	0.0
National Economic	3	1,000	1,000	1,000	0.0
Other (1994-1995)	2	1,000	1,000	1,000	0.0
California State	1	1,000	1,000	1,000	0.0
National Economic	0	1,000	1,000	1,000	0.0
Other (1994-1995)	-1	1,000	1,000	1,000	0.0
California State	-2	1,000	1,000	1,000	0.0
National Economic	-3	1,000	1,000	1,000	0.0
Other (1994-1995)	-4	1,000	1,000	1,000	0.0
California State	-5	1,000	1,000	1,000	0.0
National Economic	-6	1,000	1,000	1,000	0.0
Other (1994-1995)	-7	1,000	1,000	1,000	0.0
California State	-8	1,000	1,000	1,	

Continued on Page 17

Do-Good Funds That Are Also Doing Better

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100.02	United Kingdom A Select	101.50	5
99.11	C	243.04	4
99.08	United Kingdom A Select	101.50	5
99.07	C	243.04	4
99.06	United Kingdom A Select	101.50	5
99.05	C	243.04	4
99.04	United Kingdom A Select	101.50	5
99.03	C	243.04	4
99.02	United Kingdom A Select	101.50	5
99.01	C	243.04	4
98.99	United Kingdom A Select	101.50	5
98.98	C	243.04	4
98.97	United Kingdom A Select	101.50	5
98.96	C	243.04	4
98.95	United Kingdom A Select	101.50	5
98.94	C	243.04	4
98.93	United Kingdom A Select	101.50	5
98.92	C	243.04	4
98.91	United Kingdom A Select	101.50	5
98.90	C	243.04	4
98.89	United Kingdom A Select	101.50	5
98.88	C	243.04	4
98.87	United Kingdom A Select	101.50	5
98.86	C	243.04	4
98.85	United Kingdom A Select	101.50	5
98.84	C	243.04	4
98.83	United Kingdom A Select	101.50	5
98.82	C	243.04	4
98.81	United Kingdom A Select	101.50	5
98.80	C	243.04	4
98.79	United Kingdom A Select	101.50	5
98.78	C	243.04	4
98.77	United Kingdom A Select	101.50	5
98.76	C	243.04	4
98.75	United Kingdom A Select	101.50	5
98.74	C	243.04	4
98.73	United Kingdom A Select	101.50	5
98.72	C	243.04	4
98.71	United Kingdom A Select	101.50	5
98.70	C	243.04	4
98.69	United Kingdom A Select	101.50	5
98.68	C	243.04	4
98.67	United Kingdom A Select	101.50	5
98.66	C	243.04	4
98.65	United Kingdom A Select	101.50	5
98.64	C	243.04	4
98.63	United Kingdom A Select	101.50	5
98.62	C	243.04	4
98.61	United Kingdom A Select	101.50	5
98.60	C	243.04	4
98.59	United Kingdom A Select	101.50	5
98.58	C	243.04	4
98.57	United Kingdom A Select	101.50	5
98.56	C	243.04	4
98.55	United Kingdom A Select	101.50	5
98.54	C	243.04	4
98.53	United Kingdom A Select	101.50	5
98.52	C	243.04	4
98.51	United Kingdom A Select	101.50	5
98.50	C	243.04	4
98.49	United Kingdom A Select	101.50	5
98.48	C	243.04	4
98.47	United Kingdom A Select	101.50	5
98.46	C	243.04	4
98.45	United Kingdom A Select	101.50	5
98.44	C	243.04	4
98.43	United Kingdom A Select	101.50	5
98.42	C	243.04	4
98.41	United Kingdom A Select	101.50	5
98.40	C	243.04	4
98.39	United Kingdom A Select	101.50	5
98.38	C	243.04	4
98.37	United Kingdom A Select	101.50	5
98.36	C	243.04	4
98.35	United Kingdom A Select	101.50	5
98.34	C	243.04	4
98.33	United Kingdom A Select	101.50	5
98.32	C	243.04	4
98.31	United Kingdom A Select	101.50	5
98.30	C	243.04	4
98.29	United Kingdom A Select	101.50	5
98.28	C	243.04	4
98.27	United Kingdom A Select	101.50	5
98.26	C	243.04	4
98.25	United Kingdom A Select	101.50	5
98.24	C	243.04	4
98.23	United Kingdom A Select	101.50	5
98.22	C	243.04	4
98.21	United Kingdom A Select	101.50	5
98.20	C	243.04	4
98.19	United Kingdom A Select	101.50	5

The data in the list above is the data supplied by the Fund groups to Standard & Poor's Microcap SA. It is copied and reformatted into the list before being transmitted to the IHT. Standard & Poor's Microcap and the IHT do not warrant the quality or accuracy of the list, the data or the performance of funds of the Fund Groups and will not be liable for the list, the data of Fund Group to any extent. The list is not and shall not be deemed to be an offer by the IHT or Standard & Poor's Microcap to sell securities or investments of any kind. Investments can fall as well as rise. Past performance does not guarantee future success. It is advisable to seek advice from a qualified independent advisor before investing.

#	European B	€	58.26
#	European Gys A	€	49.77
#	European Gys B	€	42.51

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consider this exchange with others, as evidence he was trying to obstruct his friends to maintain the role of a witness who never damaging testimony in the Paula Corbin lawsuit. The production by Mr. Brink made clear that she was entitled to compensation from the lawsuit, but others, because of the rule of confidentiality, that her name has not completely been disclosed.

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Financial services	Michael Melman Salomon Smith Barney	Buy, strong momentum in growing market	Nov 20	5.88	10.38	Plainsville Inc. (U.S.)	Magazine publishing	Steve Barlow Credit Bureau First Edition	Buy; carefully monitor earnings, good mix of assets	Oct 24	10.88	13	
Advertising Corp. (U.S.)	Employment	Roomney Begins	Oct 31	2080	2850	Royal Bank of Canada (WT)	Financial services	Dumany Best	Buy; strong player, good value	Oct 28	76.9	78.10	
Financial services	Peter Canale	Buy; friendly good value	Nov 14	61.53	67	Royal Dutch/Shell Energy Resources	J.P. Morgan Securities	Buy; increased exposure to Exxon	Oct 3	49.61	55.35		
Media-Style Off Holland	Paper	Roger Marston	Buy; has hit bottom, may be a valuable candidate	Dec. 28	7.15	6.10	SAP AG (Germany)	Software	Hans Hoff Bergelmeier/Leh Berlin	Buy; underpriced, demand will grow	Dec. 28	257.14	305
Software Corp. (U.S.)	Software	William Eppstein & J.P. Morgan Securities	Buy; good new product in the popular, buying opportunities and will reshare stock price	Dec. 18	137.81	175	Schwaben PLC (FRG)	Financial services	Clauser Bryan	Buy; should benefit from European privatizations	Nov 14	1112	1044
Restaurants	Clauser Bryan	Buy; stock is cheap	Nov. 14	670	800	Schiffely-Atlanta Inc. (SP) U.S.	Communications equipment	Laurance Matus BT Alex Brown	Buy; a cash-rich growth company	Oct 17	14.88	31.13	
Restaurants	Clauser Bryan	Buy; stock is cheap	Nov. 14	670	800	Shanghai Expressway Co. (PRC) Hong Kong	Construction	Deutsche Securities Asia	Buy; company renewals and second, stock should be around	Oct 31	1.75	1.53	
Financial firms	Dumany Best	Buy; has foreign investors, but competition from other top-tier banks	Dec. 28	24.28	23.45	Silvaco Inc. (7302) Japan	Semiconductors	Joel-Marie Ewald	Buy; impressive for a dominant company	Nov 14	3030	2985	
Financial firms	Dumany Best	Buy; has foreign investors, but competition from other top-tier banks	Dec. 28	24.28	23.45	Slam Commercial (SPC) Thailand	Financial services	Peter Scott Bent First Ltd.	Avoid; company renewals and second, stock should be around	Dec. 5	16.75	10	
Consumer durable goods	Timothy Vick Tobey's Value Investor	Buy; cash-rich, low risk	Oct 17	57.28	41.25	South Kathleen Salomon Smith Barney	Media	Richard Dale Salomon Smith Barney	Buy; will benefit from shift to digital TV	Oct 24	25.50	23.50	
Computer services	Dumany Best	Buy; good technology, big exporter in U.S.	Dec. 28	30.44	58.94	Star Casualty (DOCA) U.S.	Insurance	Robert Small Small First Advisors	Buy; high dividend, strong candidate	Dec. 25	42.13	36.75	
Media	Richard Dale Salomon Smith Barney	Buy; will benefit from shift to digital TV	Oct 24	25.50	23.50	SWB AG (Germany) Austria	Energy	Waldinger Pinner	Buy; undervalued compared to its peers	Nov 7	81.30	78	
Telecommunications	Marina Smith Salomon Smith Barney	Buy; will benefit from privatization	Dec. 28	7130	8525	OTE Telecommunications (GFTO) Greece	Telecommunications	Marina Smith Salomon Smith Barney	Buy; will benefit from privatization	Dec. 28	7130	8525	
Financial services	Robert Friedman	Buy; undervalued	Dec. 28	28.44	29.25	South China Securities Ltd. (2003) Hong Kong	Newspaper publishing	Kathleen Salomon Smith Barney	Buy; high dividend, strong candidate, no dual, time complement — the only game in town	Oct 24	0.65	0.92	
Financial services	Robert Friedman	Buy; undervalued	Dec. 28	28.44	29.25	St. Paul Cos. (U.S.)	Financial services	Robert Small	Buy; will benefit from industry consolidation	Dec. 28	35.88	20.38	
Financial services	Robert Friedman	Buy; undervalued	Dec. 28	28.44	29.25	STMicroelectronics NV (SWX) U.S.	Semiconductors	Gary Schenman	Buy; cheap earnings	Nov 7	65.44	104.50	
Financial services	Robert Friedman	Buy; undervalued	Dec. 28	28.44	29.25	Sung Kyungmin Securities Ltd. (KRX) Korea	Waste management	Michael Levy	Buy; management in place, everything right to create value for shareholders; stock is worth 1,400 (113.75 euro) cheap	Nov 14	163.12	181.40	
Financial services	Robert Friedman	Buy; undervalued	Dec. 28	28.44	29.25	Swissair (SWX) U.S.	Airline	Eric Tarnier Victoria Bates	Buy; outstanding prospect, solid dividend yield	Oct 24	35.88	20.38	
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Financial services	Robert Friedman	Buy; undervalued	Dec. 28	28.44	29.25	Swissair (SWX) U.S.	Airline	Eric Tarnier Victoria Bates	Buy; outstanding prospect, solid dividend yield				

Continued from Page 15

place in the clouds.

Alcatel, the French telecommunications and engineering giant, has battled negative investor sentiment since last autumn, when it warned of lower third-quarter profit just after closing an all-stock acquisition of a U.S. company. On Jan. 28, the company posted a tidy profit increase for the fourth quarter, but because most of the gains came from asset sales, investors were unconvinced and the stock fell. Alcatel stock, which traded at about 110 euros in December, finished the period at 102.60 euros.

As for Sony. Kimihide Takano of Dresdner Kleinwort Benson, who recommended the electronics giant as, if anything, a long-term prospect, upgraded the stock from "sell" to "hold" in early January when he decided that the worst was over. The yen had hit its high of 108 to the dollar, and the stock was on its way to a low of 7,390 yen, reached Jan. 12. Sony shares have since rebounded, finishing the period at 8,450 yen, but Mr. Takano said that was probably about the top of their range for now. Sony recently announced a profit forecast for the year ending March 31 that implies that the

company will post a fourth-quarter loss.

THE INTRODUCTION of the euro, or single European currency, on Jan. 1 seems to have contributed to the urge to merge, as European companies in particular seek partners to help them compete in the wider marketplace.

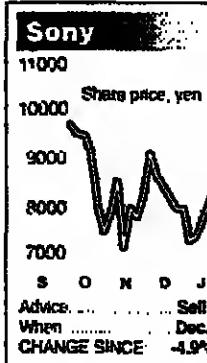
The new currency has also affected the tables that accompany this article. While share prices are quoted here in the currency of the exchange on which they trade, stocks traded in the 11-nation euro zone have been quoted in the new currency since Jan. 4, and their historical share prices have been restated by the stock exchanges at the reference rate set in December by the European Central Bank. (The euro-zone countries are Austria, Belgium, Finland, France, Germany, Ireland, Italy, Luxembourg, the Netherlands, Portugal and Spain.)

It helps to bear this new financial geography in mind when reviewing cer-

tain stock picks. When Mr. Levy, for example, predicted in November that shares of the Spanish bank *Argentaria SA* "should reach 4,100," he meant pesetas, not euros. The shares rose 21 percent in the period, to 22.56 euros — equivalent to 3,753.67 pesetas. Mr. Levy's view that a share of *Suez Lyonnaise des Eaux SA* was "easily" worth 1,400 French francs translates to about 213 euros — still a stretch from the stock's current level of about 180 euros.

N D J

Several companies recommended in the fourth quarter have since changed their names: Washington Water Power Inc., recommended Oct. 10, became Avista Corp., and MarketSpan Energy Corp., recommended Oct. 17, changed its name to KeySpan Energy Corp. Our tables reflect the new names.

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WORLD ROUNDUP

India Takes Control

CRICKET Anil Kumble and Harbhajan Singh, two spin bowlers, took advantage of a turning pitch as India bowled out Pakistan for 172 Friday in its first innings on the second day of the second test in New Delhi. India reached 46 for the loss of one wicket in its second innings to lead by 126. (Reuters)

Cotzter Beats Davenport

TENNIS Lindsay Davenport, the defending champion and top seed, was upset by Amanda Cotzter of South Africa, 2-6, 6-4, 6-3, on Friday in the quarterfinals of the Toray Pan Pacific Open in Tokyo.

Davenport's loss means that Martina Hingis, who beat Steffi Graf, 3-6, 6-2, 6-4, can get back to the top of the WTA rankings by beating Jana Novotna in the semifinals.

Petr Korda, who tested positive for a steroid at Wimbledon, was banned Friday by the Czech Tennis Association from playing in his home country for a year. (Reuters)

Wilkins Joins Orlando

BASKETBALL Dominique Wilkins, eighth on the NBA's career scoring list, signed with the Orlando Magic. Wilkins, 39, last played in the NBA during the 1996-97 season. (AP)

Irish Say 'No' to Big 10

COLLEGE SPORT Notre Dame decided at a meeting in London on Friday not to join the Big Ten conference, maintaining the 111-year independence of its football program and ensuring it will not have to share its TV revenue. (AP)

Hong Kong Jails Jockey

HORSE RACING A Hong Kong court sentenced a jockey to 12 months in jail on Friday after he pleaded guilty to race-fixing charges. Choi Chun-wai, 27, admitted accepting \$150,000 Hong Kong dollars (\$19,000) in March 1996 for rigging in a race, the Independent Commission Against Corruption said. (Reuters)

Top Teams Look Past Five Nations Rugby

Favorite France Says World Cup Is True Goal

By Mitch Phillips
Reuters

LONDON—Even though it produced tries galore, record victories and a second consecutive Grand Slam for France, the Five Nations rugby union championship last season was undermined by the gap between the teams.

France and England were so far ahead of the three Celtic nations that the title was always going to be decided by the result of their meeting on the opening day.

This time the two favorites do not clash until the third round of matches on March 20 at Twickenham. Although it is likely to be the match that decides the championship, the rest of the pack appear to have closed the gap.

Whatever happens, though, over the two months of action, the tournament this year is fighting for an identity other than a World Cup warm-up.

France is bidding to become the first country to win three successive Grand Slams, but clearly that is the secondary goal.

"Of course, we are ambitious in such a year, but we will take the games one after the other," said Jean-Claude Skrela, the French coach, speaking almost nine months before the World Cup begins. "We are entering the tournament with all the attention required but our goal, the only one, is the World Cup."

France warmed up for the defense of its title by thrashing Italy, 49-24, in Genoa last week. The Italians, who enter the tournament next season, will shadow it this year with games against all combatants except England.

France was awesome last season but fell away to lose to Australia in November.

Rather than glorying in back-to-back Grand Slams, Skrela instead concentrated on that 32-21 defeat.

"We had a very good year except for the last 20 minutes against Australia," he said. "We still have to improve and avoid mistakes which are damaging."

England's mistakes in Paris cost it the title last year. The biggest challenge for Clive Woodward, the England coach, is to cut them out and find some consistency.

In November, England scored a memorable victory over South Africa, just a week after giving an awful display in scrapping past Italy, 23-15.

England has the capacity to win the tournament but it is also quite capable of getting it all wrong.

"We know we messed up badly last year and we are determined not to make the same mistakes again," Woodward said.

The off-field chaos that briefly removed England from the Five Nations this year will have had no effect on the team, and English bookmakers make it slight favorites (6-5) ahead of France (Evans).

England starts its campaign with the Calcutta Cup match against Scotland at Twickenham on Feb. 20.

Before that, Scotland, the tournament's 50-1 outsider, begins with a home game at Murrayfield against Wales on Saturday in which the result may not be as important as the size of the crowd.

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Support has been a problem for Ireland, and tickets will be like gold dust for its opener in Dublin on Saturday against France.

Under its new coach, Warren Gatland, a New Zealander, Ireland gave the French a huge fright before eventually succumbing 18-16 in the Stade de France last year.

Ulster's victory in the European Cup, beating three top French clubs along the way, has added to the buoyant feeling in the Irish camp. But Ireland has not beaten France since 1983.

Wales is also on an upward trend. Despite conceding 145 points in its four games last year, including 60 to England, Wales finished third in the table after beating Scotland and Ireland.

The Welsh will again play their home games at Wembley in London while the National Stadium in Cardiff is rebuilt for the World Cup, and the last game of the tournament is there, on April 11, against England.



Baron Davis taking the winning buzzer shot over Alex Scales in UCLA's 79-77 victory over Oregon.

Freshman Shines as Florida Upsets Kentucky

The Associated Press
Freshman Mike Miller scored 20 points as Florida stunned Kentucky, 75-69.

Florida (16-4, 7-3 SEC) opened a 14-point lead midway through the

second half and withstood a late Kentucky rally.

The fifth-ranked Wildcats (19-5, 8-2) were one of four ranked teams to lose on the road Thursday night.

Washington 90, No. 10 Arizona 84
Donald Warrick scored 24 points and Devo Lutoo added 20 as Washington

defeated Arizona.

Washington (13-7, 6-4 Pac-10) built a 17-point lead early in the second half, then held off Arizona (15-4, 7-3).

Clemson 78, No. 12 North Carolina 63
Terrell McIntyre scored 25 points as Clemson snapped a six-game losing streak by upsetting North Carolina.

Clemson (13-9, 2-6) started fast and made every big shot down the stretch.

North Carolina (18-6, 6-4 ACC) committed 17 turnovers.

No. 13 UCLA 79, Oregon 77
UCLA edged Oregon on a 14-foot buzzer-beater by Baron Davis, who would

have been suspended for the game had he not apologized for blaming a recent loss on a referee.

Davis dribbled down the court and hit a high, arching fadeaway at the buzzer.

He also had a key steal with 22.6 seconds left that helped UCLA (16-5, 7-3 Pac-10) tie the game after trailing by four twice in the final 1:49.

No. 18 Purdue 90, No. 14 Iowa 75
Carson Cunningham scored 23 points and Jaraan Cornell had 22 as Purdue (16-6, 4-4 Big Ten) beat Iowa following an eight-day break.

I.R. Koch led Iowa (15-5, 6-4) with 20 points.

BOOKS

Where Have You Gone, Starlight Cafe?

Will Anderson. 144 pages.
\$24.95. Anderson & Sons.
Reviewed by William Grimes

IN the days before fast-food chains, roadside dining was a hit-or-miss affair. The inviting cafe just off the highway could be the home of truly delicious cuisine. On the other hand, it could be the White Rose Diner, a tiny white rectangle in Hannibal, Missouri, whose dinner included a choice of smothered chicken and dumplings,

prime rib or T-bone steak served with green beans, new potatoes in cream, asparagus vinaigrette, a beverage and ice cream. When the White Rose opened in 1938, the price for this spread was 65 cents.

The diners and roadside cafes are mostly gone, but Will Anderson headed out to find them anyway. Clutching a stack of old postcards, he traveled 14,000 miles (22,400 kilometers) of back road, determined to ferret out the history behind the little mom-and-pop joints that fed millions of Americans on the move. His findings, along with the postcards, are on display in "Where Have You Gone, Starlight Cafe?"

The book, which Anderson published himself, is a little like the subject: quirky, haphazard and highly personal. There is no Starlight Cafe, for example. Anderson simply lists the sound of it. Tide aside, the author re-

searched local records to construct a bibliography for each of the 40 cafes and diners in the book, but his basic research technique was to roll into a town like Waycross, Georgia, look for old people and quiz them.

Waycross was easy. Who could forget the Green Frog, a drive-in that served frogs' legs? Its motto was "Service With a Hop."

Not all the quotations are electrifying. One interviewee, searching his memory for a bright vignette, told Anderson that the Raleigh Grill in Elizabeth City, North Carolina, had "slow-turning fans."

Anderson honors the humble and the grand. He finds space for Earl's Sandwich Shop in Waterloo, Illinois, a converted gas station where the hamburgers cost a nickel in the 1930s and '40s, and the Griddle Cafe in Plainview, Texas, a white

stucco joint whose owners baked their own rolls and fruit cobblers.

His more grandiose finds include the Dutch Mill Village in Glasgow, Kentucky, a restaurant in the shape of a windmill that featured "Kentucky Kuisine" and a half-dozen windmill-shaped motel cabins out back.

The book has a certain poignancy. Most of the restaurants have long since disappeared, done in by the interstate highway system and the rise of national chains. Anderson traces each story to the bitter end, and in some cases includes photographs of the old spots as they now appear. It is not a pretty sight, but Anderson, for all his love of the old ways, seems to be a realist.

"Was the food any better in the real McCoy?" he writes. "Maybe yes. Maybe no. Maybe so."

New York Times Service

HIDDEN ZOO By Nancy Nicholson Joline

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Solution to Puzzle of Jan. 30-31

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SPORTS

Bitter Words With the Croissants

Threat and Counterthreat at an Angry Breakfast of Olympians

By William Drozdiak
Washington Post Service

LAUSANNE, Switzerland — The 42 members of the International Olympic Committee who gathered for breakfast with the IOC's executive board Wednesday in the ornate Palace Hotel were angry and annoyed. They wanted answers to a lot of hard questions.

Why were they being punished for the sins of a few miscreants? Why were they being kept in the dark about the repercussions of the bribery scandal? Most of all, why were they being stripped of their most prized privilege: the right to choose the Olympic city?

According to several participants who agreed to provide a detailed account of the session under a cloak of anonymity, the 90-minute confrontation between the Olympic governing board and the IOC members was one of the most raucous and emotional encounters in the history of an organization that prides itself on an image of harmonious fraternity under its autocratic ruler, Juan Antonio Samaranch.

The rash manner in which the executive board has tried to repair the damage from the Salt Lake City bribery scandal has provoked an unprecedented display of rebellion in the ranks. The discontent may burst into public view at an emergency session of the entire IOC membership body called by Samaranch for March 16-18. At the world doping summit sponsored by the IOC that concluded here Thursday, several members said they expected the meeting might turn into a donnybrook of new accusations and bribery revelations that could cause the scandal to escalate to unimaginable levels.

The session at the Palace Hotel came after Shengrong Lu, a lecturer in linguistics at Beijing University and head of the world badminton federation, demanded to know why Samaranch re-

fused to meet with IOC members attending the doping conference to explain his actions in the bribery scandal.

Samaranch begged off but urged board members to convene a breakfast session in which the board would offer a full explanation behind the resignation of four members, the suspension of five others and a proposal to have a 15-person panel — of whom only eight would be IOC members — to select the host city of the 2006 Games.

Samaranch was said to believe his absence would encourage greater candor among the members. But as one participant put it, "The old man knew what kind of anger would be in the air and he wanted no part of it."

The first to speak was Franco Carro, a respected Italian politician. He questioned why those members whose honesty was above reproach would be forced to surrender their votes. The board members remained silent.

Zhenjiang He, a Chinese government minister who was one of Samaranch's first vice presidents, followed by saying the actions by the executives were hasty and misconceived. He warned that attempts to prove to the public that the IOC was cleaning house could backfire if the most worthy members decided that serving on the IOC no longer mattered without voting rights.

The board remained silent as other members blew off steam. Then two vice presidents, Keba Mbaye of Kenya and Dick Pound of Canada, spoke. They said the most important thing was to support Samaranch at a time when he is being hammered in the press and being urged to retire two years ahead of the expiration of his fifth mandate.

Mbaye said that if Samaranch were forced to go, the IOC would be thrown into turmoil by a self-destructive fight for his succession. It is known that daggers are drawn between Pound and Kim Un Yong, a former South Korean in-

telligence officer who is under scrutiny for helping a Russian student get a scholarship from Salt Lake City boosters.

Kim says Pound, who conducted the IOC investigation into the scandal, has tried to impugn his reputation to eliminate all opposition and secure his position as heir apparent.

But what brought any thoughts of an insurrection to a screeching halt was another note of caution from the board. The IOC members were reminded that 66 of them had paid visits to Salt Lake City and that all of them were almost certainly under review by the Federal Bureau of Investigation. If they needed legal or other assistance in coping with the U.S. Justice Department inquiry, they should realize it might be in their own interests not to rock the IOC boat.

The breakfast session then adjourned peacefully.

FBI Investigating Tickets

First-class airline tickets that could be traded for cash were used as a form of currency by Salt Lake City bid organizers as they tried to win favor with IOC members, according to officials familiar with investigations. The Washington Post reported from Washington.

FBI agents and Olympic ethics investigators are examining evidence that the tickets were used to disguise illicit payments to IOC members whose support was critical to Salt Lake City's bid for the 2002 Olympics.

Some tickets were cashed in or traded for less-expensive fares, the officials said. Investigators are examining whether there was an understanding between some IOC members and the Salt Lake organizers that the tickets would serve as a payoff in return for support of the city's Olympic bid, officials said.

Investigators have focused on nearly \$4.6 million in travel expenses spent by the Salt Lake committee during its campaign for the 2002 Winter Games.



Darren Langdon, left, of the New York Rangers and Donald Brashear of the Vancouver Canucks battling.

On the Road, the Devils Remain Hot

The Associated Press

The New Jersey Devils are proof that home ice is not much of an advantage in the National Hockey League.

The NHL's best road team continued to do their thing Thursday night, winning, 2-0, in St. Louis. "We're very fortunate that we've been strong on the road," said Scott Stevens, a defenseman, after the Devils.

NHL ROUNDOFF

ils won a team-record fifth straight away from home.

The Devils are third overall with 64 points, thanks to their 18-7-1 road record. They are not as dominating at home, with an 11-8-5 record.

Chris Terrell, the backup goalie, made 36 saves for his ninth career shutout as the Devils beat the Blues. Brian Rolston scored in the first period and added an empty-netter for the Devils.

Flyers 5, Canadiens 2 Mikael Renberg and Valeri Zelepukin scored 28 seconds apart in the third period as Philadelphia won at home against Montreal.

The Flyers have lost just once in 23 games since they ended a seven-game winless streak on Nov. 14.

Islanders 5, Bruins 4 Felix Potvin stopped 37 shots in Boston for his first victory for the Islanders, and New York extended the Bruins' winless streak to seven games.

Potvin had lost five straight since he came to the Islanders in a trade with the Toronto Maple Leafs on Jan. 9.

Rangers 6, Canucks 4 Wayne Gretzky reached another goal-scoring milestone and set up Adam Graves for a pair of first-period scores as New York beat visiting Vancouver.

Gretzky scored his 1,071st goal as a pro, tying him with Gordie Howe for most total career goals combining regular season and playoffs in the NHL.

and World Hockey Association.

Gretzky beat Garth Snow at 10:21 of the second period after taking a cross-ice pass from Petr Nedved, giving the Rangers a 4-0 lead. The goal was the eighth of the season for Gretzky.

Coyotes 3, Sharks 1 Rick Tocchet scored two goals as Phoenix beat San Jose in the opener of the Sharks' 10-game road trip.

Jyrki Lumme also scored for the Coyotes, who extended their unbeaten streak to six games.

Predators 2, Flames 2 In Calgary, Andrei Nazarov scored from a sharp angle just 37 seconds into the third period to give the Flames their third 2-2 tie in as many games.

Kings 3, Blackhawks 2 Donald Audette put Los Angeles ahead to stay midway through the third period with his second goal of the game, and Steve Duchesne, a defenseman, had a goal and two assists as the Kings beat visiting Chicago.

Solo Sailors Prepare for Cape Horn

The Associated Press

NEW YORK — They ran into a whale, a sandbar and dozens of monster waves. The amount of broken sailing equipment could have filled a small warehouse. For the solo sailors in the Around Alone yacht race, it's half the globe conquered, half still to go.

The sailors set out again Saturday on the third leg of the nine-month, 27,000-mile (43,200-kilometer) competition, leaving Auckland, New Zealand, to challenge the icy seas and hurricane-strength winds around Cape Horn as they race to Punta del Este, Uruguay.

Isabelle Autissier of France has the overall lead — 24 hours 10 minutes 9 seconds ahead of Giovanni Soldini of Italy, the winner of the second leg.

Just reaching Auckland was a victory for Autissier, who had to be rescued by helicopter off Australia in 1994 — the last time this race was held — when her

60-foot (20-meter) yacht was dismasted and then sank in a fierce storm.

"We will probably see icebergs; the important thing is not to do the slalom between them," Soldini said. "That is really too dangerous and stupid."

Still, it will be hard to match the roller-coaster ride of the of the second leg that began in Cape Town.

Mike Golding of Britain, who won the first leg, was leading the second when his yacht hit a sandbar 200 miles (320 kilometers) from Auckland. He needed a tow, which disqualified him from the leg.

Autissier's yacht was knocked down by a wave shortly after leaving Cape Town. When the boat righted, she could barely raise her sail halfway up the mast and fell hundreds of miles behind, detouring to Tasmania for repairs. When her competitors became becalmed in the Tasman Sea, she passed them.

J. P. Mouligne, a Frenchman, closed a gap of 1,000 miles (1,600 kilometers) by slicing through the light air of the Tasman Sea. He won Class II, for boats 40 to 50 feet, and even beat some of the 60-footers, an almost unheard-of feat for a boat with a much smaller sail.

The next two competitors in Class II arrived just 21 minutes 21 seconds apart after more than a month of sailing. Mike Garfield of Britain beat Brad Van Liew of the United States in the last five miles.

Fedor Konionkhov, a Russian who conquered both the North and South poles and Mount Everest, never did get the hang of sailing upwind. He arrived Sunday, a day after the cutoff to stay in the competition. Undaunted, he plans to continue sailing after repairs and a meeting with his hero, Sir Edmund Hillary, the man who first climbed Mount Everest. "Even coming in last is winning," Konionkhov said.

Aid Mistaken for Bribes, African Says

By Ian Fisher
New York Times Service

NAIROBI — What is the difference, Charles Mukora wondered, between a sincere offer to help athletes in a poor nation and a bribe?

"I don't know," said Mukora, 64, who has found himself portrayed as a villain in the Olympic bribery scandal.

"Perhaps you can tell me?" Mukora resigned last month as a member of the International Olympic Committee after being accused of accepting \$34,650 for his personal use from officials in Salt Lake City seeking to steer the 2002 Winter Games their way. He admits to taking the cash.

But Mukora, who was one of more than 100 officials from around the world who decide where to award the lucrative designation of Olympic site, contends that the money went solely to train distance runners at a camp he owns that faces the gorgeous snowy cap of Mount Kenya.

Disputing the conclusions of the Olympic committee that investigated him, Mukora says his only crime is to have been caught in an inevitable conflict. He is from a poor nation — and from Africa, like three other of the six expelled committee members — with little money to train athletes but with the power to help decide where the Games will be held.

"If you travel to a rich country or people from rich countries visit you, you more or less point out the areas you want to develop," said Mukora, who insisted he had never promised his vote to anyone. "Usually, the likely thing, they will suggest, 'We can do this or this.' And usually they offer to do something."

Olympic officials acknowledge the logic of Mukora's argument. It is no accident, they say, that Olympic committee members from Africa and South America have found themselves caught up in the scandal, and it does not mean that Africans or others from underdeveloped countries are more disposed to corruption.

As the Olympics have grown, cities around the world have become aggressive in trying to win the rights to stage the Olympics. At the same time, the Olympic committee responsible for awarding the Games has expanded to include more and more members from countries that often have no chance of staging the Games themselves.

The neediest countries, said Keba Mbaye, an IOC member from Senegal who was on the commission that investigated the Salt Lake City bid, are those most vulnerable to inducements.

That kind of targeting of members and their votes has not been helped, officials concede, by the imprecise guidelines laid out by the IOC. The rules allow cities to offer aid to sports pro-

grams in the countries of IOC members voting on the bids, but forbids such aid being given in return for a vote.

"The line between an offer and a bribe," Mukora said, "must be really very thin."

Despite Mukora's protest that he is an "innocent victim of circumstance," there has been little sympathy for him in Kenya because many suspect that the allegations might be true.

His Mount Kenya camp is a weedy collection of old farm buildings where on one recent day two athletes performed perfunctory stretches in front of a visiting reporter. He has also been accused of receiving what amounted to \$35,000 from officials in Sydney, Australia, and, oddly, a shipment of 500 bicycles from Beijing. Both cities competed for the Games in 2000. Sydney officials have admitted that they cannot definitively say where at least \$12,000 they gave to Mukora wound up.

Even some of his friends — including the runner Kipchoge Keino, who Mukora coached to a gold medal in the 1968 Olympics — applauded his decision to resign from the International Olympic Committee rather than fight his expulsion.

"If you know you are guilty of whatever you have done, why argue?" asked Keino, who is reported to be in line as Mukora's successor on the national committee.

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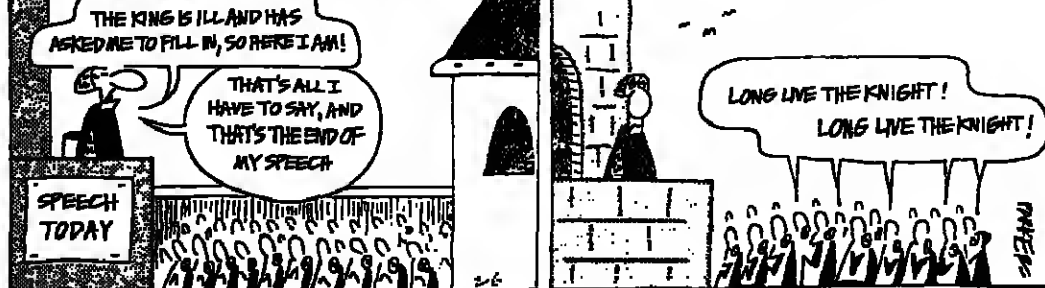
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That Doggone TV

MIAMI — Do dogs understand television? This is a question that has puzzled humanity since the days of the ancient Greeks. It is also the topic of an article sent in by alert reader Gwen Larriaga from the February issue of Dog Fancy magazine (suggested motto: "For People Who Take Dogs Way Too Seriously").

According to the article — headlined "Can They REALLY Watch TV?" — some dog owners claim their dogs watch television, especially when it is showing "other dogs, wolves or horses, large cats, birds and deer," and that often the dogs respond by "running behind the set to see if the animals are there." This behavior is further proof, as if we needed any, that dogs are in the same intelligence category as saltines. Because of course there are no animals behind the television set. The animals live INSIDE THE PICTURE TUBE, and you youngsters out there should feed them by pushing cold cuts through the VCR slot.

But the point is that dogs do watch TV, and they are not always impressed. The Dog Fancy article states that some owners "described their dogs as disliking commercials or talk shows, responding to these broadcasts by growling, head-butting or biting the screen."

Dogs do watch TV, and they are not impressed by the commercials.

"Hi, I'm a trusted celebrity such as Dennis Miller, Michael Jordan or the late Jimmy Stewart. I make millions of dollars, so you can be sure I spend a lot of time analyzing long-distance telephone rates. Did you know that by dialing 10-10-23-3499404956587054645, you can save as much as 37 percent if you call on Thursday evenings during Lent and are a joint taxpayer filing singly? Well it's true! At least that's what my script says. I have a staff, so I have not personally dialed a telephone in 12 years. Remember. To save money, simply dial 10, followed by 10, followed by 23, followed by 3499404956587054645. Or maybe it's 3499404956587054646. It's something like that. A humorous remark goes here. Where's my check?"

When I see one of these commercials I often find myself head-butting the TV screen. As you can imagine, this upsets the wolves.

But getting back to the issue. It seems to me that for dogs to become truly interested in TV, the programming would have to include the element of smell. Smelling is very big for dogs. If you're walking your dog, and you pass a spot on the ground where any other dog, any time in the history of the world, has left a smell, your dog will want to sniff that spot for approximately the rest of its life. Why? Because your dog's nose is an amazingly complex organ, that's why. Your dog appears to simply be sniffing the same stupid smell over and over again, but in fact its nose is performing a sophisticated olfactory analysis, then transmitting the resulting data to your dog's brain, thus producing a pattern of neural firings that can be translated, roughly, as: "Hey! A smell!"

Recently I spent a week dog-sitting my in-laws' dog, Daisy, who is a beagle, which means she is, biologically, a nose with feet. Every time I took her outside, she'd race around the yard, sniffing the ground, whining, detecting cat clues. Meanwhile, the actual cat, in person, would be sitting on a low wall, very cool, watching Daisy. Sometimes Daisy would be within three feet of the cat, wildly excited, sniffing the ground so hard that she was sucking ants into her nostrils. I'd point right at the cat and say, "Look, Daisy! There it is! The cat!" But Daisy ignored me. Her attitude was, "I have no time to look at a cat, you idiot! I'm hot on the trail of a cat!"

So if television is going to really reach dogs, particularly the beagle demographic, it needs more odors. I don't see why we couldn't develop a TV that emitted smells through a hole at the bottom of the set. That way, if you're watching, say, a police drama, and there's a shoot-out, and one of the good guys is lying on the sidewalk, critically wounded, whispering his last, touching words to his partner, your dog could go to the hole and find out how the sidewalk smelled. There could even be dog-odored commercials, whereby advertisers would reward dog viewers with popular smells if they followed simple commands ("Nose the receiver off the hook! Good boy! Now press 10-10-...").

I think all dog lovers should write to the TV industry and DEMAND programming with a higher smell content. I also want to stress to you impressionable readers out there that I was just kidding about putting cold cuts into the VCR. You should use ice cream. Otherwise Bammi will die. Thank you.

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David Hockney Ponders Fame and Eclecticism

By Mary Blume
International Herald Tribune

PARIS — Like Lord Byron, who awoke to find himself famous, David Hockney has been celebrated from an early age. He handles fame a lot better than the noble lord did — by now it is simply a condition of his life — though he admits to pulling rank, as he puts it, for the first time recently to get a hotel room near the rim when working on his Grand Canyon series.

He is in Paris for a three-show marathon: at the Centre Georges Pompidou, at the Maison de la Photographie Européenne and at the Musée Picasso (the last two opening Feb. 10), the whole accompanied by a big press conference (sly question: who is the best living painter, reasonable answer: Balbus), a page in Le Monde, a television film and a spot on the evening news.

He may be the world's most famous painter but Hockney is amiable and funny; his required love affair with painting has given him confidence and a will to share his joy in discovery, to welcome and beguile. He has, as the English say, absolutely no side. When he went to the Ronald Reagan White House he was detained for 30 minutes by security because he was the only guest to have come on foot.

Although sparsely installed in Los Angeles he has never left his Yorkshire roots (he has spent all but two of his 61 Christmases with his mother) or dropped the flat Bradford vowels that sound both canny and sincere.

At lunch with friends, conversation goes all over the place, from the Monet show ("only he really looked at London, no one else got the mist rising from the Thames"), to automobiles with computerized maps ("but it's a good thing to get lost") to Sister Wendy, the art critic whom he met at Sam Goldwyn's in Los Angeles. "All the other English art critics hate her because she gets the television," he said.

A hearty smoker, he has come up with perhaps the best defense of the habit. "Typically in America, politicians made decisions in smoke-filled rooms. Now they're smoke-free and look at what happens."

Smoking, he argues, encourages pondering and pondering is important. A retrospective such as the Pompidou's, by encouraging a look at the past, makes the present clearer.

"You begin to see yes I did that again, but in a slightly different way. Why did you do it then? What made you do it? When they put on the last picture I spent an hour and a half walking around because a lot of the older paintings I hadn't seen in a long time, so I thought let's see what I can learn from this myself."

"Of course I noticed how the color got richer — the first paintings are more pastel color — and why would you do this? There is a gap, the first painting in which I used reversed perspective, I didn't use it again for eight years; meaning I was not fully aware of what it meant but had been attracted to it. All the past is edited, that's why the present always looks like more of a jumble than the past."

The show at the Picasso Museum is more worrying to Hockney, who has loved and studied Picasso since the 1950s.

"I'm no artist like Picasso at all, I can't be. On the other hand I think it's possible to look at his work and move from it, so what we've done is put in pieces that are deliberately taking an idea from Picasso."

"I mean the Grand Canyon paintings at the Pompidou can be called originating in Picasso, but that's not obvious; you'd have to know a few things to figure that out. In the Picasso Museum we've taken things that are more obvious — my attempts to make portraits that way, and of course there's always an element of caricature in that as there was in Picasso. I have looked at the work with some care and tried to see what I could do with it, push it, pull it, here, there. I admit I'm a bit nervous because to



Hockney's work is being exhibited in three Paris museums.

see my show you'll have to walk through rooms of Picasso first, so what will it look like literally?"

The photography show is clearly less interesting for Hockney to ponder since photography is, he says, something he goes hot and cold on (photography, he once said, is all right if you don't mind looking at the world from the point of view of a paralyzed cyclops). But it has played a central role in his painting, literally, and in aiding his work on perspective.

"So it's really one show in Paris. It's just divided into three parts. Doing that makes the explorations clearer — some were direct from Picasso, some were indirect from Picasso, photography itself — the intelligent viewer will get it, will play with it."

Diverse and eclectic are among

perspective and also are important to him because you cannot look at the Grand Canyon without thinking of time as well as space. "There's no other place where you become aware of that. And of course space and time are closely related or are the same thing virtually, so you ponder that a bit, or I do anyway. I sit there and think about these things and I suppose that's in the pictures in a way."

The Grand Canyon paintings are in a room with a group of much smaller 1997-98 canvases of the East Yorkshire countryside, astonishingly lush, painted with the freshness of a child's eye but in no way naïf.

They were painted for a Yorkshire friend, Jonathan Silver, who was dying at 47 from pancreatic cancer. Familiar scenes become transcendent, the countryside is bright with red brick buildings and fat green fields. They can be analyzed in terms of Hockney's studies of perspective or they can be seen as a testament of friendship to Silver and his wife and children, the gift of life's beauty before life begins to fade.

With Hockney one always has the feeling that his love of doing it is an essential part of his work, and love does include loss. Hockney looks young but has been losing his hearing to the point where he can no longer design for opera. One of the attractions of the Grand Canyon, he says, is that "it's also silent and I am moving into a more silent world." He can hear music best on his car radio and likes driving through the California hills listening to Schumann's Rhenish symphony, from which, he points out, composers of Hollywood westerns invariably steal. His next project is to paint Monument Valley.

He finds it odd that his mother is 98 and keeping a beady eye on the health of her contemporaries, Barbara Cartland and the Queen Mother, while so many younger friends are dying or dead. "Life," he says, "is always giving me a new script."

PEOPLE

MORE than a decade after his last performance as the cute Arnold in "Diff'rent Strokes," the former child actor Gary Coleman pleaded no-contest to disturbing the peace for punching an autograph-seeker in the eye. Coleman hung his head and wept as he was sentenced Thursday to a 90-day suspended jail sentence, fined \$400 and ordered to attend 52 "anger-management classes." Coleman, 30, said Tracy Field became angry and locked his path after he refused to embellish an autograph on July 30. He said he was afraid she was going to hit him.

The singer Faith Hill was nominated for seven awards Thursday, including "best female artist," topping all finalists for the TNN Music City News Country Awards. Hill's ebullient "This Kiss" was nominated for best single, video and song. Her duet with her husband, Tim McGraw, "Just to Hear You Say That You Love Me," scored nominations for best vocal collaboration and song. Her "Faith" will compete for best album against entries by Shania Twain, Alan

Jackson, George Strait and the Dixie Chicks. Winners will be announced June 14.

Meredith MacRae, one of three Hooterville girls at the Shady Rest Hotel in the old "Peticoat Junction" TV series, has had a brain tumor removed, and her publicist said her prognosis for recovery was excellent. MacRae, 53, collapsed Jan. 27 while receiving a massage at a spa and was rushed to Cedars-Sinai Medical Center in Los Angeles.

Gene Siskel is giving his thumb a rest. The movie critic will take a leave of absence from the television show he shares with Roger Ebert to concentrate on his recovery from brain surgery. Siskel said Wednesday that he also will suspend his reviews for the Chicago Tribune, Chicago's WBBM-TV, CBS's "This Morning" and TV Guide.

After months of hickering and faltering

negotiations, officials at the American Theater Wing and the League of American Theaters and Producers have agreed on a five-year deal to jointly produce the Tony Awards. The awards will be televised live on CBS on June 6. Broadway shows must open by April 28 to be eligible, and nominations will be announced May 3. The agreement, which runs through 2004, apparently resolves the dispute that began last summer when the league announced that it would withdraw from the partnership governing the annual awards. "We are pleased that we have been able to renew our partnership," Roy Somlyo, president of the wing, and Jed Bernstein, executive director of the league, said in a joint statement.

Britain's Patent Office has rejected an application from the executors of the estate of Diana, Princess of Wales, to trademark her image. Her Memorial Fund had filed the application in October 1997, two months after the princess's death, to prevent the use of pictures on a vast range of unofficial merchandise.



HANGING IN — A whirring top entrances an advance visitor to the International Nuremberg Toy Fair, which will open on Feb. 10 in Germany.



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